AZURE POWER GLOBAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2025

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CONVENTIONS USED IN THESE FINANCIAL STATEMENTS

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

"Our Company", "the Company", "APGL", or "Azure Power" refers to Azure Power Global Limited on standalone basis
"We", "us", "the Group", "Azure" or "our" refers to Azure Power Global Limited, a company organized under the laws of Mauritius, together with its subsidiaries (including Azure Power Rooftop Private Limited ("AZR"), and Azure Power India Private Limited ("APIPL"), its predecessor and current subsidiaries)
"APTEL" refers to Appellate Tribunal for Electricity
"Awarded" refers to the capacity won and for which LoA has been received
"APIPL" a company organized under the laws of India, refers to Azure Power India Private Limited
"CDPQ" refers to Caisse de dépôt et placement du Québec
"CDPQ Infrastructures" refers to CDPQ Infrastructures Asia Pte Ltd.
"CEO" refers to Chief Executive Officer
"CERC" refers to the Central Electricity Regulatory Commission of India, the state level counterparts of which are referred to as "State Electricity Regulatory Commission", or "SERC"
"Contracted" refers to capacity won and for which a PPA has been signed with off-taker
"COO" refers to Chief Operating Officer
"CSR" refers to Corporate Social Responsibility
"Discom" refers to Distribution Company
"GIB" refers to Great Indian Bustard
"GW" refers to Gigawatt
"INR", "rupees", or "Indian rupees" refers to the legal currency of India
"LoA" refers to Letter of Award
"MNRE" refers to Ministry of New and Renewable Energy, Government of India.
"MoP" refers to Ministry of Power, Government of India
"MSPA" refers to Master Share Purchase Agreement
"MW" refers to Megawatt
"NYSE" refers to New York Stock Exchange
"OMERS" refers to OMERS Infrastructure Asia Holdings Pte. Ltd.
"PIL" refers to Public Interest Litigation
"PPA" refers to Power Purchase Agreement
"Radiance" refers to Radiance Renewables Private Limited
"SEC" refers to the U.S. Securities and Exchange Commission
"SECI" refers to Solar Energy Corporation of India
"U.S. GAAP" refers to the Generally Accepted Accounting Principles in the United States
"US$", "$" or "U.S. dollars" refers to the legal currency of the United States
"VGF" refers to Viability Gap Funding

AZURE POWER GLOBAL LIMITED
MANAGEMENT AND ADMINISTRATION

			Date of appointment	Date of resignation
DIRECTORS	:	Muhammad Khalid Peyrye	January 30, 2015	-
		Brijesh Mehra	May 08, 2024	-
		Julian Suresh Paul Gratiaen	July 26, 2024	-
		Jean-François Joseph Boisvenu	February 8, 2023	-
		Gowtamsingh Dabee	March 30, 2023	-
		Richard Payette	July 01, 2023	-
		Philippe Pierre Wind	October 31, 2023	-
		Pratibha Bajaj	October 23, 2024	-
		Jaime Garcia Nieto	October 31, 2023	April 18, 2025
		Supriya Prakash Sen	August 01, 2020	September 30, 2024
		Delphine Voeltzel	May 11, 2022	July 26, 2024
		Mr.Jean Eric Warren Bignoux (Alternate Director to Mr. Muhammad Khalid Peyrye from July 21, 2025 to August 08, 2025)		

ADMINISTRATION AND SECRETARY : AAA Global Services Ltd
4th Floor, Iconebene,
Rue De L'institut, Ebène 80817
Republic of MAURITIUS

BANKERS : Absa Bank (Mauritius) Limited
2nd Floor, Absa House,
68 Wall Street, Cybercity
Ebène 72201
Republic of MAURITIUS

The Hong Kong and Shanghai Banking Corporation Limited, GIFT City Branch
Signature Building, 504-505 Floor 5,
Block 13-B, Zone 1, Gift SEZ,
Gandhinagar, India

Standard Chartered Bank (Mauritius) Limited
6th Floor, Standard Chartered Tower,
19 Bank Street, Cybercity,
Ebene 72201,
Republic of MAURITIUS

AUDITOR : ECOVIS (MAURITIUS)
Suite 207, 2nd Floor
NG Tower, Ebène 72201
Republic of MAURITIUS

REGISTERED OFFICE : c/o AAA Global Services Ltd
4th Floor, Iconebene,
Rue De L'institut, Ebène 80817
Republic of MAURITIUS

AZURE POWER GLOBAL LIMITED
DIRECTORS' REPORT TO THE MEMBERS

To
The Members,

The Directors have the pleasure in submitting their report of Azure Power Global Limited (the "Company'') along with the audited consolidated and separate financial statements for the financial year ended on March 31, 2025. On July 16, 2025, the Group released its audited Consolidated financial statements for the year ended March 31, 2025, to the Bondholders. These financial statements are available at the Company website.

The Company was incorporated on January 30, 2015 in Mauritius and its main activity is investment holding. The Company's subsidiaries are organized under the laws of India (except for one U.S. subsidiary and 2 Mauritian subsidiaries) and are engaged in the development, construction, ownership, operation, maintenance and management of solar power plants and generation of solar energy based on long-term contracts (power purchase agreements or "PPA") with Indian government energy distribution companies as well as other non-governmental energy distribution companies and commercial customers.

The Group financial statements consist of the Company and its Subsidiaries.

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

The Group and the Company's financial performance for the year ended March 31, 2025 is summarized as follows:

Particulars	**For the year ended March 31, 2025**	
	(US$000's)	**(US$000's)**
	The Group	**The Company**
Revenue from operations	242,678	-
Total expenses (net of income)	284,984	46,589
Loss before income tax	**(42,306)**	**(46,589)**
Income tax benefit	5,421	-
Loss after tax and before non-controlling interests	**(36,885)**	**(46,589)**
Gain attributable to non-controlling interests	(147)	-
Loss after Tax and after non-controlling interests	**(37,032)**	**(46,589)**

2. **<u>Financial performance and state of company affairs:</u>**

Standalone Financial Details:

The Company's loss for the year ended March 31, 2025 is US$ 46,589 thousands.

Consolidated Financial Details:

The Group's loss for the year ended March 31, 2025 is US$ 37,032 thousands.

3. **<u>Dividend:</u>**

The Group has made a net loss of US$ 37,032 thousands during the year and therefore, the Board does not recommend the payment of any dividend for the year under review.

4. **<u>Group structure:</u>**

During the year under review, the Company holds 98.52% of Azure Power India Private Limited and all the shares of Azure Power Energy Limited, Azure Power Solar Energy Private Limited and Azure Power Rooftop Private Limited and is therefore the holding company of the entire group.

5. **<u>Fund raised during the year:</u>**

During the year ended March 31, 2025, the Group has received loan proceeds of US$ 351,409 thousands and the Company has received loan proceeds of US$ 47,802 thousands.

6. **<u>Current size of operations:</u>**

The Company has 2 direct Mauritian subsidiaries, 2 direct Indian subsidiaries, 59 indirect Indian subsidiaries and 1 indirect US subsidiary as on date. All the Indian subsidiaries are engaged in the business of operating solar power projects.

Project Pipeline

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

6. Current size of operations (continued):

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

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

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

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

Cancelled Projects

We conducted a review of our projects under contract to consider their commercial and economic viability. In addition, a Special Committee of the Board (the “Special Committee”) was convened in August 2022 to review certain material projects and contracts over a three-year period for anti-corruption and related compliance issues.

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

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

Based on the economics and uncertainties associated with the PILs and Special Committee review, the Group decided to terminate the PPAs in respect of these 2,333 MW projects and filed a petition at the Andhra Pradesh High Court seeking a declaration that the Group should be discharged from performance of the obligations under the Andhra Pradesh PPAs for a capacity of 2,333 MW as a result of the absence of the unconditional tariff adoption order from the regulatory commission. Considering the communication received from SECI and imminent threat of encashment of Bank Guarantees of US$ 14,290 thousand as submitted by us for 2,333 MW PPAs, we obtained an interim order dated October 16, 2023 from the High Court of Andhra Pradesh restraining such encashment and any coercive action against us till the next hearing date. The next hearing date will be notified by the court in due course.

On March 18, 2024, we received two letters from SECI. In its first letter, SECI stated that it had terminated the PPAs with the Group in respect of the 2,333 MW projects and reserved its rights to act against the Group including forfeiture of the performance bank guarantees and success charges and fees in respect of the PPAs and other documentation associated with the 2,333 MW projects. In its consolidated financial statements for Fiscal Year 2023, the Group recorded a write-off and the carrying value of these provisions as on March 31, 2025 is US$ 2,968 thousand towards irrecoverable costs and US$ 14,290 thousands towards Bank Guarantees.

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

In light of the Special Committee review as well as economic and execution challenges, the Group decided to withdraw from the 700 MW projects which is part of the 4,000 MW manufacturing linked tender awarded by SECI. The Group continues discussions with SECI to ensure an orderly withdrawal from the 700 MW projects and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the projects The Group recognized a provision towards irrecoverable costs/ Bank Guarantee in relation to the 700 MW projects in its consolidated financial statements for Fiscal Year 2023 and Fiscal Year 2024 respectively and the carrying value of such provisions as on March 31, 2025 is US$ 8,448 thousands (net of bank guarantee encashed during the year amount to US$ 4,090 thousands).

Separately, Bank Guarantees of approximately US$ 2,570 thousand were submitted for obligations under module MCAs. To prevent coercive actions, including encashment of the bank guarantees, we filed a petition before the High Court of Andhra Pradesh. A stay has been granted against any coercive action including such encashment, and the next hearing date will be notified in due course.

In Fiscal Year 2025, a further provision was recognized towards bank guarantees related to MCAs referred to above, including delays due to reduced capacity under the MCAs and the carrying value of the provision as on March 31, 2025 is US$ 2,280 thousands.

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

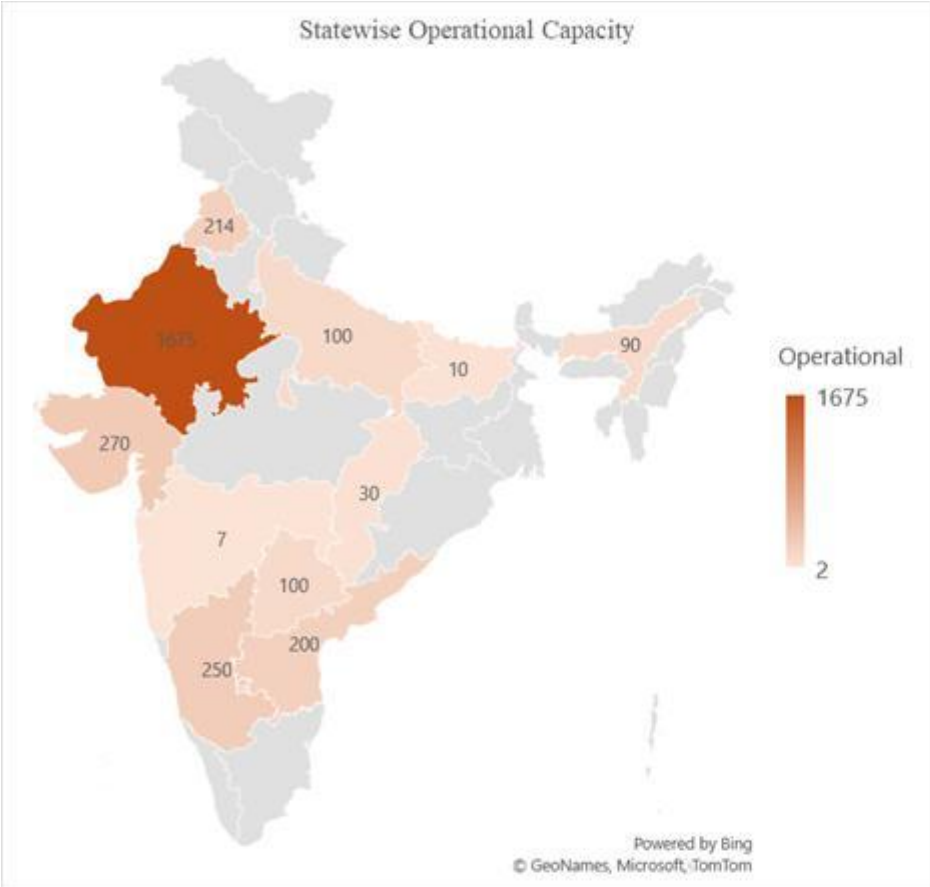
In case of the 150 MW solar-wind Hybrid Project, in light of economic and execution challenges, the Group decided to withdraw from the project and the associated ISTS Connectivity grant. The Group continues discussions with SECI to ensure an orderly withdrawal from the 150 MW Hybrid Project and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the Hybrid Project. In Fiscal Year, 2025, the Group recognized a provision towards Bank Guarantees in relation to the 150 MW Hybrid Project and the carrying value of the provisions as on March 31, 2025 is US$ 2,325 thousands.

6. Current size of operations (continued):

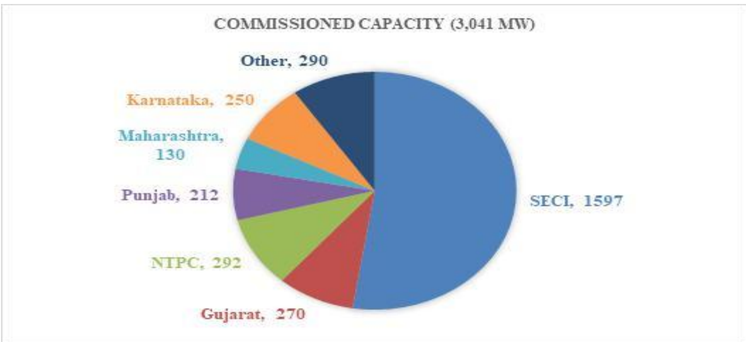
Business Overview

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

The map below outlines our operational portfolio as at March 31, 2025 (excluding our rooftop portfolio of 93 MW and Union territory portfolio of 2 MW).



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



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

7. Investment in Subsidiary Companies during the year:

The Company's investment in subsidiaries stood at US$ 758,014 thousands (net of Provision for diminution in value of investments amounting US$ 53,873 thousands).

8. Change in nature of business, if any:

During the year under review, there has been no change in nature of business carried out by the Company.

9. License:

The Company was granted a Category 1 Global Business License issued by the Financial Services Commission of Mauritius on February 2, 2015. Following the Finance Act 2018, the Category 1 Global Business Company has been renamed to Global Business Corporation. The Company also falls within the definition of a reporting issuer in accordance with Securities Act 2005 of Mauritius.

10. 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:

The Company was delisted effective on November 13, 2023. On January 29, 2024, the Company's shares ceased to be registered with the SEC pursuant to Section 12(b) of the Exchange Act. Further, on April 1, 2024, the Company's SEC reporting obligations under Section 15(d) of the Exchange Act was suspended and the Company no longer has an obligation to file periodic reports (annual reports on Form 20-F and Form 6-K reports) with the SEC. For more information see "Azure Power Announces Suspension of SEC Reporting Obligations" press release dated April 03, 2024.

11. Internal financial controls:

A. Management's Report on Internal Control Over Financial Reporting

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

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

B. Enhancements to Governance and Compliance

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

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

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

11. **Internal financial controls:**

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

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

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

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

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

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

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

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

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

12. **Risk Factors**

The Company actively assesses, monitors and seeks to mitigate risks in its business. Azure Power as a group have categorized and organized our risk factors set forth below:

Financial Risks

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

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

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

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

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

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

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

Compliance and Concentrated risk related to our PPA's and fixed tariff.

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

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

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

12. Risk Factors (continued):

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

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

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

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

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

9. *Restriction in transfer of PPAs.*

Risks Related to Retention of Management and Key Employees

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

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

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

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

Power Generation Risks

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

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

Changes in the political, fiscal or regulatory environment in India

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

2. *Duties/ taxes on solar equipment imports increase our costs and adversely impact our performance.*

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

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

Health, Safety and Environmental Risks

1. *Our operations have inherent safety risks and hazards that require continuous oversight and substantial insurances coverage.*

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

Competition Risks

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

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

IT and cyber security risks

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

Risks related to project land and the acquisition of land

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

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

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

12. Risk Factors (continued):

Risks Related to Litigation and Legal Proceedings

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

2. *An action alleging violations of U.S. securities laws has been brought against our Company in the New York.*

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

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

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

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

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

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

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

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

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

Tax Risks for Shareholders and Investors

1. *You may be subject to Indian taxes on income arising through the sale of our shares.*

13. <u>Deposits:</u>

The Group 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.

14. <u>Auditor:</u>

The Company has paid a fee of US$ 39,330 for statutory audit to ECOVIS (Mauritius). ECOVIS (Mauritius) continues as the statutory auditors for the fiscal year ended March 31, 2025.

15. <u>Auditor's Report on Financial Statements:</u>

The Financial statements of the Group and the Company have been prepared in accordance with the United States Generally Accepted Accounting Principles and in compliance with the requirements of the Companies Act 2001. The auditor of the Company has not given any qualified opinion on the Consolidated Financial Statements for the Group and separate financials of the Company.

16. <u>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</u>

No material changes apart from those which have already been disclosed in the financial statements, have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

For more information, please refer to "Note 29" of the Financial Statement for FY'25 annexed herewith.

17. Share Capital:

a) Issue of employee stock options:

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

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

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

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

b) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees:

The Company has not made any provision for purchase of its own shares by employees or by trustees for the benefit of employees.

18. Directors

As at date of this Report, the following were the Directors of the Company:

1)	Muhammad Khalid Peyrye	Non-Executive Director
2)	Philippe Pierre Wind	Caisse de dépôt et placement du Québec (CDPQ) Nominee Director
3)	Jean-François Joseph Boisvenu	Independent Non-Executive Director
4)	Julian Suresh Paul Gratiaen	OMERS Infrastructure Asia Holdings Pte. Ltd. Nominee Director
5)	Gowtamsingh Dabee	Independent Non-Executive Director
6)	Richard Payette	Independent Non-Executive Director
7)	Brijesh Mehra	Caisse de dépôt et placement du Québec (CDPQ) Nominee Director
8)	Pratibha Bajaj	Caisse de dépôt et placement du Québec (CDPQ) Nominee Director

19. Number of meetings of the Board of Directors:

For the year under review, the Board met 17 times and passed 7 Director resolutions.

20. Nomination and Remuneration Committee:

As at the date of this report, the Nomination and Remuneration Committee is composed of four members who are as follows:

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

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

21. Audit and Risk Committee:

As at the date of this report, the Audit and Risk Committee is composed of four members who are as follows:

Richard Payette	Chairperson
Julian Suresh Paul Gratiaen	Member
Jean-François Joseph Boisvenu	Member
Pratibha Bajaj	Member

Richard Payette was appointed as Chairperson of the Committee effective July 1, 2023. Jean-François Joseph Boisvenu was appointed as member of the Audit and Risk Committee on March 15, 2023. Julian Suresh Paul Gratiaen and Pratibha Bajaj were appointed as members of the Audit and Risk Committee on October 23, 2024 and May 27, 2025 respectively. Jaime García Nieto resigned as member of the Audit and Risk Committee on April 18, 2025.

22. Investment and Capital Committee:

As at the date of this report, the Investment and Capital Committee is composed of four members who are as follows :

Pratibha Bajaj	Chairperson
Richard Payette	Member
Julian Suresh Paul Gratiaen	Member
Brijesh Mehra	Member

Jaime García Nieto resigned as chairperson of the Investment & Capital Committee on April 18, 2025. Pratibha Bajaj was appointed as chairperson of the Investment & Capital Committee on May 27, 2025. Richard Payette had joined as member of the Investment & Capital Committee on July 1, 2023. Brijesh Mehra was appointed as member of the Investment & Capital Committee on June 27, 2024. Julian Suresh Paul Gratiaen was appointed as member of Investment & Capital Committee on July 26, 2024, to replace Delphine Voeltzel.

23. Finance Committee:

As at the date of this report, the Finance Committee is composed of two members who are as follows:

Sunil Kumar Gupta	Member
Sugata Sircar	Member

24. Sustainability & Corporate Social Responsibility Committee:

As at the date of this report, the Sustainability & Corporate Social Responsibility (“CSR”) Committee is composed of three members who are as follows:

Brijesh Mehra	Chairperson
Richard Payette	Member
Philippe Pierre Wind	Member

Philippe Wind was appointed as a new member effective December 05, 2023. Panicker Unnikrishnan Mangalath Sukumara resigned as Chairperson of the Sustainability & CSR Committee effective March 13, 2024. Brijesh Mehra was appointed as chairperson of the Sustainability & CSR Committee on June 27, 2024. Richard Payette was appointed as a member of the Sustainability and CSR Committee on October 23, 2024.

25. Other Committees:

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

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

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

26. Risk management policy:

Group Management actively assess, monitor and seek to mitigate risks in its business. In the course of the last few years, with the support of outside advisers, Group Management have reviewed and enhanced Company’s Enterprise Risk Management (ERM) process. Group Management have identified potential risks, assigned an executive to manage each risk, and analyzed the probability of each risk crystalizing, the likely impact in such an event and how the risk can best be mitigated.

27. Contracts and Arrangements with Related parties:

All contracts/arrangements/transactions entered by the Group and the Company during the period under audit with related parties were in the ordinary course of business and on an arm’s length basis. During the period, the Group and the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Group on materiality of related party transactions.

The Group had no material related party contracts as at March 31, 2025.

28. Directors' Responsibility Statement:

The Company's directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements, comprising of, the balance sheets as at March 31, 2025 and the statements of operations, comprehensive loss, preferred shares and shareholders' equity and cash flows for the year ended, and the notes to the consolidated and separate financial statements, which include a summary of accounting policies and other explanatory notes, in accordance with accounting policies generally accepted in the United States ("GAAP") and in compliance with the requirements of the Companies Act 2001.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making estimates that are reasonable in the circumstances.

The financial statements have been prepared on the basis the Group and the Company is a going concern. The Company has an Audit & Risk Committee which consists of Mr. Richard Payette, Mr. Julian Suresh Paul Gratiaen, Ms. Pratibha Bajaj and Mr. Jean-François Joseph Boisvenu.

29. Human resource development and industrial relations:

The Group 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 Group values its Human Resources and is committed to ensure employee satisfaction, development and growth.

The Group is working towards developing a culture of nurturing leaders, encouraging creativity and openness. Cordial industrial relations and improvements in productivity were maintained at all of the Group's Plants and Offices during the year under review.

30. Vigil mechanism

The Company is dedicated to fostering and maintaining the highest standards of ethics, integrity, and compliance in all aspects of our business and is committed to a work environment that is free from harassment, intimidation, discrimination and retaliation of any kind. Our commitment to these principles includes ensuring that employees have a safe and secure avenue to report any concerns. We encourage all employees and stakeholders to speak up without fear of retaliation when they observe any behavior that may violate our company policies or any applicable laws and regulations. The Company takes all complaints seriously and is dedicated to addressing them promptly and impartially to safeguard the interests of our organization and our employees.

Copies of our Whistleblower and Anti-Retaliation Policy are available on the "Investor Relations" page of our corporate website www.azurepower.com

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

The ARC Investigation was concluded in the previous fiscal year.

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

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

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of US$ 23,000 thousand on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

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

31. Acknowledgements:

The Directors extend their sincere appreciation for the assistance and co-operation received from the financial institutions, banks and Government Authorities. The Directors appreciate and value the support from all the Shareholders of the Company. The Directors also place on record their deep sense of appreciation for the committed services by the Group's executive and staff.

32. Cautionary Statement:

Statements in this Board's Report describing the Group'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 Group'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,
For AZURE POWER GLOBAL LIMITED

Signed by:
Warren Bignoux
459F7B4E30084F7...
Director

DocuSigned by:
Gowtamsingh Dabee
1469BB12B6634F3...
Director

AZURE POWER GLOBAL LIMITED
SECRETARY'S CERTIFICATE TO THE MEMBERS
FOR THE YEAR ENDED MARCH 31, 2025

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Signed by:
Eric Ng
……90AE3AEADC1E460……………………………
AAA Global Services Ltd
CORPORATE SECRETARY
4th Floor, Iconebene,
Rue De L'institut, Ebène 80817
Republic of MAURITIUS

Suite 207-2nd Floor NG Tower
Cybercity, Ebene.
Tel:- 460 5589
BRN: F11000012

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Azure Power Global Limited (the "Company") and its subsidiaries (the ''Group'') which comprise the consolidated and separate balance sheets as at March 31, 2025, the consolidated and separate statements of operations, consolidated and separate statements of comprehensive loss, consolidated and separate statements of preferred shares and shareholder's equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements on pages 23 to 55 gives a true and fair view of the consolidated and separate financial position of the Group and the Company as at March 31, 2025, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group and the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Going Concern

We draw attention to Note 28 in the consolidated financial statements, which describes certain ongoing investigations and legal proceedings on the Group, the outcome of which are unascertained at this stage. The management has assessed the Group's ability to continue as a going concern and the mitigating actions that have been deployed to address the effects on the Group.

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

Emphasis of matters

We draw attention on the following matters:

a) Refer Note 28 to the consolidated financial statements, wherein the Company has voluntarily disclosed certain matters to the U.S. Securities and Exchange Commission and the U.S. Department of Justice. Engagement and cooperation with the aforesaid authorities is continuing on those matters. We are informed that any potential liability or penalty from authorities cannot be assessed at this stage.

b) Refer Note 1 to the consolidated financial statements which describes that the Company has been delisted from the New York Stock Exchange ('NYSE') on November 13, 2023 and with effect from April 1, 2024, Company's SEC reporting obligations have been suspended. The management believes that the delisting and suspension of reporting obligations would not have any impact on the operations of the Group.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Emphasis of matters (Continued)

c) Refer Note 28 to the consolidated financial statements which describes that the Company has entered into a settlement agreement and has received preliminary approval on April 30, 2025 against the class action lawsuit filed in the U.S. District Court for the Southern District of New York.

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

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
The Group **Contingencies for investigations, lawsuits and other legal proceedings** As discussed in Note 20 and 28 to the consolidated financial statements, due to the ongoing investigations, lawsuits and other legal proceedings, management is of the view, that the Group might be exposed to certain liabilities such as levy of damages, reduction of PPA tariffs, administrative actions from lenders including the risk of PPA cancellation, all of which could adversely impact the revenue, profitability, and capitalization of the affected projects. Any such fines or penalties could materially and adversely affect the Group's results of operations, financial condition, and cash flows in future periods.	• We obtained and evaluated management's assessment and representation stating that no triggering event such as demand or any potential notice from any lender or regulator has happened, except the ongoing inquiries from U.S. Securities and Exchange Commission and the U.S. Department of Justice. • The discussions and disclosures to the U.S. Securities and Exchange Commission and the U.S. Department of Justice are ongoing and the Company is cooperating with all the issues raised by the regulators and based on submissions made till date, the management has confirmed that impact of the above matter is not ascertainable and hence no adjustment has been done in the consolidated financial statements (also refer paragraph on Going Concern). • We independently corresponded with the investigators and obtained written response from them. • We enquired with management and Audit and Risk Committee of the Board of Directors of the Company about the facts and obtained the representation in writing in this respect. • Considering the potential liabilities which are not presently ascertainable, we have reported the matter by way of emphasis of matter paragraph in this audit report (refer Emphasis of Matters paragraph (a) above)

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key audit matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
The Group **Impairment and other estimates of Property, Plant & Equipment (PPE)** As disclosed in Note 24 to the consolidated financial statements, the Group uses various inputs to assess indicators of impairment as well as evaluate the need to recognise any impairment provision. Also, the Group relies on various third-party expert reports for the purpose of estimation (e.g. useful life, fair valuation etc). Any departure/deviation in the estimates used will have a significant bearing on the carrying value of the PPE.	• We have reviewed the third-party reports as made available to us and as applicable and the inputs used by management in determining the estimates and have performed following procedures: - We assessed the qualifications, independence, and objectivity of the external experts engaged by management to perform the fair value assessments. We reviewed the scope and terms of their engagement to ensure it aligns with audit requirements. - We reviewed the expert reports, including their methodologies, assumptions, data sources, and findings. We assessed whether the reports were consistent with relevant accounting standards and industry best practices. • We compared the expert report's conclusions and valuations to the estimates provided by management. • We evaluated management's process for identifying indicators of impairment, including changes in market conditions, technological advancements, economic factors, or internal issues that may suggest a potential impairment of PPE. • We assessed the appropriateness of management's methods and assumptions used to determine the fair value of PPE when impairment indicators were present. This involved evaluating the selection of valuation models, discount rates, and the use of external experts, if applicable. • We reviewed the documentation and underlying data used by management in their impairment assessment and fair value determination. This included examining historical financial data, market information, and internal reports.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Company

Impairment of investments in subsidiaries

As disclosed in Note 10, the investments in subsidiaries as at March 31, 2025 amounted to USD 758 million, net of impairment.

Investments in subsidiaries are measured at cost less impairment. The impairment charge recognised for the year ended March 31, 2025 is USD 8.2 million (2024: USD nil) as disclosed in Note 10.

The measurement of investments in subsidiaries and the related impairment has been identified as a key audit matter due to:

• Continued losses in the current year.
• The complexity and significant judgement involved in determining the recoverable amount of these investments and thus the impairment amount, if any</td><td>The procedures performed with respect to the appropriate measurement of investments in subsidiaries and related impairment include:

• Critically assessed through an analysis of internal and external factors impacting the entity, whether there were any indicators of impairment.
• Wherever there were any indicators of impairment, obtained forecasted cash flows and challenged the assumptions made.
• Verified the arithmetical accuracy of the calculations.
• Verified that proper disclosure has been made with respect to any impairment.</td></tr>
</table>

Responsibilities of Directors and Those Charged with Governance for the Consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with generally accepted accounting principles in the United States of America, and that comply with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and separate financial statements

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

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

- ► Identify and assess the risks of material misstatement of the consolidated and separate 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, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- ► Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ► Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- ► Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 of business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Azure Power Global Limited

Report on the Audit of the Consolidated and separate financial statements (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Azure Power Global Limited Financial Statements for the year ended March 31, 2025", which included the Management and Administration, the Directors' report to the Members and the Secretary's Certificate to the Members as required by the Mauritius Companies Act 2001. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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 and separate 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.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and tax advisors of the Company.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other matters

Our report is made solely to the shareholders of the Company, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders for our audit work, for this report, or for the opinion we have formed.

Ecovis (Mauritius)

ECOVIS (MAURITIUS)

Date: 07 August 2025

Vivek Gujadhur, FCCA
Licensed by FRC

AZURE POWER GLOBAL LIMITED
Consolidated and Separate Balance Sheets
(US$ amounts in thousands, except share and par value data)

	Notes	As at March 31			
		The Group		The Company	
		2024 (US$)	2025 (US$)	2024 (US$)	2025 (US$)
Assets					
Current assets:					
Cash and cash equivalents	3	89,577	101,307	1,475	3,355
Restricted cash	4	99,209	107,405	-	-
Accounts receivable, net	5	55,449	54,178	-	-
Investments	9	-	29	-	-
Inventory		157	97	-	-
Prepaid expenses and other current assets	6	61,494	78,804	4,162	4,951
Assets classified as held for sale(1)	24	24,559	-	-	-
Total current assets		**330,445**	**341,820**	**5,637**	**8,306**
Non-current assets:					
Restricted cash	4	2,445	985	-	-
Property, plant and equipment, net	7	1,641,562	1,527,059	-	-
Software, net	8	104	118	-	-
Accounts receivable	5	42,961	40,257	-	-
Deferred income taxes	14	21,186	27,484	-	-
Right-of-use assets	19	50,496	47,693	-	-
Non-current Investments	10	5,487	5,345	766,195	758,014
Other assets	11	63,505	37,926	-	-
Total assets		**2,158,191**	**2,028,687**	**771,832**	**766,320**
Liabilities and shareholders' equity					
Current liabilities:					
Short-term debt		125,350	-	30,181	500
Accounts payable		17,180	12,740	513	223
Current portion of long-term debt	13	425,972	122,671	-	-
Income taxes payable		2,191	610	-	-
Interest payable		12,662	3,880	414	435
Deferred revenue		3,749	3,602	-	-
Lease liabilities	19	3,787	3,790	-	-
Other liabilities	12	54,722	86,935	2,374	25,313
Liabilities directly associated with assets classified as held for sale(1)	24	20,721	-	-	-
Total current liabilities		**666,334**	**234,228**	**33,482**	**26,471**
Non-current Liabilities:					
Long-term debt	13	923,924	1,277,217	-	48,088
Deferred revenue		78,176	72,416	-	-
Deferred income taxes	14	39,401	28,097	-	-
Asset retirement obligations		14,642	15,418	-	-
Lease liabilities	19	41,613	40,690	-	-
Other liabilities		877	783	-	-
Total liabilities		**1,764,967**	**1,668,849**	**33,482**	**74,559**
Shareholders' equity					
Equity shares, US$ 0.000625 par value; 64,166,360 and 64,166,360 shares issued and outstanding as of March 31, 2024 and March 31, 2025, respectively	17	40	40	40	40
Additional paid-in capital		794,676	794,480	832,882	832,882
Accumulated deficit		(291,427)	(328,459)	(94,572)	(141,161)
Accumulated other comprehensive loss		(119,113)	(110,973)	-	-
Total APGL shareholders' equity		**384,176**	**355,088**	**738,350**	**6,91,761**
Non-controlling interest		9,048	4,750	-	-
Total shareholders' equity		**393,224**	**359,838**	**738,350**	**6,91,761**
Total liabilities and shareholders' equity		**2,158,191**	**2,028,687**	**771,832**	**766,320**

See accompanying notes.

These financial statements have been approved by the Board of Directors and authorised for issue on August 07, 2025.

(1) Also refer note 2(t) and note 24 relating to assets and liabilities directly associated with assets classified as held for sale.

Signed by:
Warren Bignoux
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Director

DocuSigned by:
Gowtamsingh Dabee
1469BB12B6634F3...
Director

AZURE POWER GLOBAL LIMITED
Consolidated and Separate Statements of Operations
(US$ amounts in thousands, except share and par value data)

		Year ended March 31,			
		The Group		The Company	
		2024	2025	2024	2025
	Notes	(US$)	(US$)	(US$)	(US$)
Operating revenues:					
Revenue from customer		257,360	242,678	-	-
Operating costs and expenses:					
Cost of operations (exclusive of depreciation and amortization shown separately below)		23,150	21,449	-	-
General and administrative		77,013	79,133	27,133	34,610
Depreciation and amortization	7 & 8	55,817	54,110	-	-
Impairment loss		7,512	3,864	-	8,181
Total operating cost and expenses		**163,492**	**158,556**	**27,133**	**42,791**
Operating income/(loss)		**93,868**	**84,122**	**(27,133)**	**(42,791)**
Other expense (net):					
Interest expense, net	15	133,246	126,332	1,316	5,325
Other income		(47)	1	-	(1,527)
(Gain)/ loss on foreign currency exchange, net	16	(421)	95	-	-
Total other expenses		**132,778**	**126,428**	**1,316**	**3,798**
Loss before income tax		**(38,910)**	**(42,306)**	**(28,449)**	**(46,589)**
Income tax (expense)/ benefit	14	(2,197)	5,421	-	-
Net loss		**(41,107)**	**(36,885)**	**(28,449)**	**(46,589)**
Less: Net (loss)/ gain attributable to non-controlling interest		(705)	147	-	-
Net loss attributable to APGL		**(40,402)**	**(37,032)**	**(28,449)**	**(46,589)**
Accretion to redeemable non-controlling interest		-	-	-	-
Net (loss)/profit attributable to APGL equity shareholders		**(40,402)**	**(37,032)**	**(28,449)**	**(46,589)**
Net loss per share attributable to APGL equity stockholders					
Basic	18	(0.63)	(0.58)	(0.44)	(0.73)
Diluted		(0.63)	(0.58)	(0.44)	(0.73)
Shares used in computing basic and diluted per share amounts					
Basic		64,166,360	64,166,360	64,166,360	64,166,360
Diluted		64,166,360	64,166,360	64,166,360	64,166,360

See accompanying notes.

AZURE POWER GLOBAL LIMITED
Consolidated and Separate Statements of Comprehensive Loss
(US$ amounts in thousands)

	Year ended March 31,			
	The Group		The Company	
	2024 (US$)	2025 (US$)	2024 (US$)	2025 (US$)
Net loss attributable to APGL equity shareholders	(40,402)	(37,032)	(28,449)	(46,589)
Add: Non-controlling interest	(705)	147	-	-
Other comprehensive loss, net of tax [1]				
Foreign currency translation	(10,462)	30,794	-	-
Effective portion of cashflow hedge (Net of tax for March 31, 2024 and 2025, US$ 1,837 thousands and US$ (4,226) thousands for the Group)	12,581	(22,654)	-	-
Total other comprehensive (loss)/ gain	**2,119**	**8,140**	**-**	**-**
Less: Total comprehensive income attributable to non-controlling interest	-	-	-	-
Total comprehensive loss	**(38,988)**	**(28,745)**	**(28,449)**	**(46,589)**

[1] Balance in accumulated other comprehensive loss was US$ (119,113) thousands and US$ (110,973) thousands as of March 31, 2024 and 2025, respectively. During the year ended March 31, 2025 adjustments of US$ 30,794 thousands and US$ (22,654) thousands (net of tax) were made on account of foreign currency translation and effective portion of cash flow hedge, respectively in accumulated other comprehensive loss.

See accompanying notes.

AZURE POWER GLOBAL LIMITED
Consolidated and Separate Statements of Preferred Shares and Shareholders' Equity
(US$ amounts in thousands)

For the Group as on March 31, 2024

	Equity shares	Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Total APGL shareholders' Equity	Non-controlling Interests	Total shareholders' Equity
Balance as at March 31, 2023	**40**	**794,698**	**(121,232)**	**(251,025)**	**422,481**	**9,753**	**432,234**
Net loss	-	-	-	(40,402)	**(40,402)**	(705)	**(41,107)**
Other comprehensive income	-	-	2,119	-	**2,119**	-	**2,119**
Share based compensation	-	(22)	-	-	**(22)**	-	**(22)**
Balance as at March 31, 2024	**40**	**794,676**	**(119,113)**	**(291,427)**	**384,176**	**9,048**	**393,224**

For the Group as on March 31, 2025

	Equity Shares	Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Total APGL shareholders' equity	Non-controlling Interests	Total shareholders' Equity
Balance as at March 31, 2024	**40**	**794,676**	**(119,113)**	**(291,427)**	**384,176**	**9,048**	**393,224**
Transfer to profit and loss (refer note 24)	**-**	**-**	**-**	**-**	**-**	(4,445)	**(4,445)**
Net (loss)/ gain	-	-	-	(37,032)	**(37,032)**	147	**(36,885)**
Other comprehensive income	-	-	8,140	-	**8,140**	-	**8,140**
Share based compensation	-	(196)	-	-	**(196)**	-	**(196)**
Balance as at March 31, 2025	**40**	**794,480**	**(110,973)**	**(328,459)**	**355,088**	**4,750**	**359,838**

For the company as on March 31,2024

	Equity shares	Additional paid in capital	Accumulated deficit	Total shareholder's equity
Balance as at March 31, 2023	**40**	**832,880**	**(66,123)**	**766,797**
Share based compensation………………..	-	2	-	**2**
Net loss………………….………………..	-	-	(28,449)	**(28,449)**
Balance as at March 31, 2024	**40**	**832,882**	**(94,572)**	**738,350**

For the Company as on March 31, 2025

	Equity shares	Additional paid in capital	Accumulated deficit	Total shareholder's equity
Balance as of March 31, 2024	**40**	**832,882**	**(94,572)**	**738,350**
Share based compensation………………..	-	-	-	**-**
Net loss………………….………………..	-	-	(46,589)	**(46,589)**
Balance as at March 31, 2025	**40**	**832,882**	**(141,161)**	**691,761**

See accompanying notes.

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

		Year ended March 31,			
		The Group		The Company	
		2024	2025	2024	2025
		(US$)	(US$)	(US$)	(US$)
Cash flows from operating activities					
Net loss		(41,107)	(36,885)	(28,449)	(46,589)
Adjustments to reconcile net loss to net cash provided from/(used in) operating activities:					
Deferred income tax		(10,090)	(13,058)	-	-
Depreciation and amortization		55,817	54,110	-	-
Amortization of derivative instruments		23,808	13,202	-	-
Loss on disposal of property, plant and equipment		2,238	7,649	-	-
Derecognition of Non- controlling interest		-	(4,445)	-	-
Share based compensation		(22)	(196)	2	-
Impairment loss		7,512	3,864	-	8,181
Amortization of debt financing costs		5,526	7,865	25	541
Accretion of asset retirement obligations		1,146	1,230	-	-
Non-cash rent expense		2,161	1,664	-	-
Allowance for doubtful accounts/ credit losses, (net)		2,093	2,514	-	-
Interest income from investments		(131)	(319)	-	-
Loan prepayment charges		4	1,221	-	-
Dividend income		-	-	-	1,500
Employee benefit		434	306	-	-
(Gain)/ Loss on foreign currency exchange, net		(421)	95	-	-
Change in operating lease right-of-use assets		(5,156)	(4,163)	-	-
Change in operating lease liabilities		4,788	4,272	-	-
Changes in operating assets and liabilities					
Accounts receivable, net		13,389	(1,076)	-	-
Inventory		-	55	-	-
Prepaid expenses and other current assets		(719)	247	(1,573)	(2,044)
Other assets		(3,721)	1,632	-	-
Accounts payable		3,232	(3,589)	147	(290)
Interest payable		(413)	(8,446)	414	21
Deferred revenue		(1,978)	(3,801)	-	-
Other liabilities[1]		(17,908)	60,676	618	22,939
Net cash flows provided from/ (used in) operating activities	**A**	**40,482**	**84,624**	**(28,816)**	**(15,741)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(4,726)	(5,300)	-	-
Net Purchase of software		(131)	(81)	-	-
Proceeds from disposal of subsidiaries		-	3,705	-	-
Investment in subsidiary/ held to maturity securities		83	-	83	-
Net cash flows (used in)/ from investing activities	**B**	**(4,774)**	**(1,676)**	**83**	**-**
Cash flows from financing activities					
Repayments of term and other loan		(63,552)	(66,454)	-	(30,181)
Repayment of Green Bond		(83,939)	(342,979)	-	-
Proceeds from loan taken from related party		-	-	-	500
Proceeds from term and other loan		56,019	351,409	30,156	47,302
Loan prepayment charges		-	(1,221)	-	-
Net cash flows provided from/ (used in) financing activities	**C**	**(91,472)**	**(59,245)**	**30,156**	**17,621**
Net (decrease)/increase in cash and cash equivalents	**A+B+C**	**(55,764)**	**23,703**	**1,423**	**1,880**
Effect of exchange rate changes on cash and cash equivalents		(3,835)	(5,237)	-	-
Cash and cash equivalents at the beginning of the year		255,015	191,231	52	1,475
Cash and cash equivalents and restricted cash, held for sale at the end of the period		(4,185)	-	-	-
Cash and cash equivalents at the end of the year*		**191,231**	**209,697**	**1,475**	**3,355**
Supplemental disclosure for cash flow					
Cash paid during the year for interest		111,013	110,536	880	4,787
Cash paid during the year for income taxes		14,349	15,313	-	-

* Refer Note 3 and 4.

[1] Includes US$ 18,581 thousands paid towards hedging costs for Solar Green Bonds for the year ended March 31, 2024 and US$ 33,511 thousands towards receipt (net) on account of hedge settlement for Solar Green Bonds for the year ended March 31, 2025.

1. Organization

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

APGL and its subsidiaries are hereinafter referred to as the "Group". See also Note 24. On November 13, 2023, the Company's shares were delisted from NYSE and on January 29, 2024, the Company's shares ceased to be registered with the SEC pursuant to Section 12(b) of the Exchange Act. Further, On April 1, 2024, our SEC reporting obligations under Section 15(d) of the Exchange Act were suspended and the Company no longer have an obligation to file periodic reports (annual reports on Form 20-F and Form 6-K reports) with the SEC.

2. Summary of material accounting policies

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and are presented in US$ in thousands, unless otherwise stated. The Directors are of the view that the Group will be able to meet its financial obligations in the next financial year. Accordingly, they continue to adopt the going-concern basis in preparing the Group's Consolidated Financial Statements.

All share and per share amounts presented in the consolidated financial statements have been adjusted to reflect the 16-for-1 stock split of the Company's equity shares that was effective on October 6, 2016.

(b) Use of estimates

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

Principles of Consolidation

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

(c) Foreign currency translation and transactions

The functional currency of the Company is the United States Dollar ("US$"). The Company's subsidiaries with operations in India use INR as the functional currency and the subsidiaries in the United States and Mauritius use US$ as functional currencies. The financial statements of the Company's subsidiaries are translated into US$ using the closing exchange rate as of the balance sheet date for assets and liabilities and average exchange rate for the year for income and expense items. Translation gains and losses are recorded in accumulated other comprehensive income or loss as a component of shareholders' equity.

In the financial statements of the Company's subsidiaries, transactions in currencies other than the functional currency are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate at the balance sheet date. All gains and losses arising from foreign currency transactions are recorded in the determination of net income or loss during the year in which they occur.

(c) Foreign currency translation and transactions (continued)

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

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, term deposits and all other highly liquid investments purchased with an original maturity of three months or less at the date of acquisition and that are readily convertible to cash. The Group has classified term deposits totaling US$ 70,151 thousands and US$ 85,754 thousands and US$ Nil thousands and US$ 1,700 thousands for the Company as at March 31, 2024 and 2025, respectively, as cash and cash equivalents, because they have ability to redeem these deposits at any time subject to an immaterial interest rate forfeiture. All term deposits are readily convertible into known amount of cash with no more than one day's notice.

(e) Restricted cash

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

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

	March 31,	
	2024	2025
	(US$)	(US$)
	(in thousands)	
Current Assets		
Cash and cash equivalents	89,577	101,307
Restricted cash	99,209	107,405
Non-Current Assets		
Restricted cash	2,445	985
Cash and cash equivalents and restricted cash	**191,231**	**209,697**

(f) Investments

The Group and the Company determine the appropriate classification of investment securities at the time of purchase and re-evaluates such designation at each balance sheet date. The investment securities held by the Group and the Company during the year presented in the accompanying financial statements were classified as available for sale.

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

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

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

Investment in subsidiaries

Investments representing equity interest in subsidiaries which are carried at cost. A subsidiary is an entity that is controlled by the Company. Control is evidenced where the Company has the power over the investee or exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The provision for diminution of investments as at March 31, 2024 and March 31, 2025 is US$ 45,692 thousands and US$ 53,873 thousands respectively. See Note 10.

(g) Accounts receivable

The Company adopted "ASC Topic 326" Financial Instruments — Credit Losses, effective April 1, 2020 using the modified retrospective transition approach. The new guidance requires the measurement and recognition of expected credit losses (ECL) for financial assets held at amortized cost and replaces the existing incurred loss impairment model with an expected loss model using the forward-looking information to calculate credit loss estimates. The new model requires consideration of a broader range of relevant information, such as offtake ratings historical loss experience, current economic conditions, and reasonable and supportable forecasts. The impact of adoption of this guidance did not have a material effect on the Company's financial statements.

Credit Risk

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

The Group's accounts receivables are generated by selling energy to customers and are reported net of any allowance for uncollectible accounts. The allowance for doubtful accounts receivable is based on various factors, including the length of time receivables are past due, significant one-time events, the financial health of customers and historical experience. The allowance for doubtful accounts receivable as at March 31, 2024 and 2025 was US$ 10,796 thousands and US$ 13,030 thousands for the Group and US$ Nil and US$ Nil for the Company.

(US$ amounts in thousands except share and per share data)

(h) Property, plant and equipment

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

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

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

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

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

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

Capitalized interest

Interest incurred on funds borrowed to finance construction of solar power plants is capitalized until the plant is ready for its intended use. The amount of interest capitalized during the years ended March 31, 2024 and 2025 was US$ 616 thousands and US$ 341 thousands for the Group and US$ Nil and US$ Nil for the Company, respectively.

(i) Accounting for impairment of long-lived assets

The Company periodically evaluates whether events have occurred that would require revision of the remaining useful life of property, plant and equipment and improvements, or render their carrying value not recoverable. If such circumstances arise, the Company uses an estimate of the undiscounted value of expected future operating cash flows to determine whether the long-lived assets are impaired. If the aggregate undiscounted cash flows are less than the carrying amount of the assets, the resulting impairment charge to be recorded is calculated based on the excess of the carrying value of the assets over the fair value of such assets, with the fair value determined based on an estimate of discounted future cash flows, appraisals, or other valuation techniques. Other than the planned disposal of the Company's rooftop business, impairment of assets related to manufacturing linked 3,033 MW solar projects, impairment of assets related to impairment of Delhi 2 MW project and impairment of wind projects at Naregal site, there were no impairment charges related to remaining long-lived assets recognized during the years ended March 31, 2024, and 2025 respectively. See also note 24.

(j) Leases and land use rights

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

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

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

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

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

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

(j) Leases and land use rights (continued)

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

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

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

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

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

The Group has recognized and reported the Right of Use asset, on consolidated balance sheet by US$ 47,693 thousands as well as Lease Liabilities by US$ 44,480 thousands as at March 31, 2025 and US$ 50,496 thousands in Right of Use asset as well as Lease Liabilities by US$ 45,400 thousands as at March 31, 2024 respectively. During the year ended March 31, 2024 and 2025, the Group recorded lease cost of US$ 5,906 thousands and US$ 5,735 thousands respectively. See Note 19 to the consolidated financial statements.

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

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

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

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

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

(k) Asset retirement obligations (ARO)

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

The Group's asset retirement obligations were US$ 14,642 thousands and US$ 15,418 thousands as of March 31, 2024 and 2025, respectively. The accretion expense incurred during the years ended March 31, 2024 and 2025 was US$ 1,146 thousands and US$ 1,230 thousands, respectively. The depreciation expense incurred during the years ended March 31, 2024 and 2025 was US$ 271 thousands and US$ 272 thousands, respectively.

During the current year, the carrying amount of the ARO liability is increased by US$ 776 thousands primarily on account of additional DC capacity and accretion expense during the year

(US$ amounts in thousands except share and per share data)

(k) Asset retirement obligations (ARO) (continued)

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

	The Group	
	As at March 31,	
	2024 US$	2025 US$
Opening balance	13,520	14,642
Addition during the year	49	106
Impact of change in estimate	142	(177)
Liabilities settled during the year	(18)	-
Accretion expense during the year	1,146	1,230
Foreign exchange fluctuation	(197)	(383)
Closing balance	**14,642**	**15,418**

(l) Software

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

(m) Debt financing costs

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

Amortization of debt financing costs for the year ended, March 31, 2024 and 2025 was US$ 5,520 thousands and US$ 7,865 thousands, respectively for the Group, and US$ 25 thousands and US$ 550 thousands, respectively for the Company. It includes debt financing costs written off related to the debt refinancing amounting to US$ Nil and US$ 1,419 thousands, respectively for the Group, and US$ Nil and US$ Nil, respectively for the Company. Also, see Note 13 and 15.

The carrying value of debt financing costs as on March 31, 2024 and 2025 was US$ 11,610 thousands and US$ 10,119 thousands, respectively for the Group, US$ 9 thousands and US$ 1,911 thousands, respectively for the Company. Also, see note 13.

Further, the Group had debt financing costs of US$ 998 thousands and US$ 335 thousands under other assets and other current assets, as on March 31, 2024 and 2025, respectively and the Company had US$ Nil and US$ 245 thousands, respectively, for facilities not yet drawn. Also, see note 6.

(n) Income taxes

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

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

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

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

(o) Employee benefits

Defined contribution plan

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

The Group has no further funding obligation under the Provident Fund, beyond the contributions elected or required to be made thereunder. Contributions to the Provident Fund by the Group are charged to expense in the period in which services are rendered by the covered employees and amounted to US$ 459 thousands and US$ 449 thousands for the years ended March 31, 2024 and 2025, respectively for the Group.

(o) Employee benefits (continued)

Defined benefit plan

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

Current service costs for defined benefit plans is accrued in the period to which they relate. In accordance with ASC Topic 715, *Compensation Retirement Benefit*, the liability in respect of defined benefit plans is calculated annually by the Group using the projected unit credit method and amounted to US$ 701 thousands and US$ 686 thousands as of March 31, 2024 and 2025, respectively for the Group. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees. Interest costs for the period ended March 31, 2024 and 2025 were not significant. See also note, 23.

Compensated absences

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

(p) Revenue recognition

Revenue from customers consists of solar energy sold to customers under long term Power Purchase Agreements (PPAs), which generally have a term of 25 years. The Company's customers are generally the Government of India, power distribution companies and, to a lesser extent, commercial and industrial enterprises. Sale of power includes solar power sold through exchange.

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

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

The Group also records the proceeds received from Viability Gap Funding ('VGF') on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized as sale of power in proportion to the actual sale of solar energy during the period to the total estimated sale of solar energy during the tenure of the applicable power purchase agreement or balance tenure of power purchase agreement, as applicable pursuant to the revenue recognition policy.
The Company also recognises revenue on Late Payment Surcharge and interest on late payment for power supply on reasonable certainty to expect ultimate collection or otherwise based on actual collection, whichever is earlier.

Revenue from customers

Revenue from customers, net consists of the following:

	The Group As at March 31, 2024 US$	The Group As at March 31, 2025 US$
	(in thousands)	
Revenue from Customers:		
Sale of Power[(1)]	256,843	242,394
Sale of carbon credit emission	517	284
Total	**257,360**	**242,678**

(1) Sale of power includes revenue for the recovery of Safe-Guard Duties and Goods and Service Tax, which is linked to generation of Solar units, resulting from the change in law provision of our PPAs, during the year ended March 31, 2024 and 2025 amounting to US$ 3,981 thousands and US$ 3,453 thousands respectively.

(p) Revenue recognition (continued)

Contract balances

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

	As at March 31,	
	2024	**2025**
	US$	**US$**
	(in thousands)	
Current assets		
Accounts Receivable, net	55,449	54,178
Non-current assets		
Unbilled receivable	4,316	1,286
Accounts receivable (net)	42,961	40,257
Contract acquisition cost	3,466	3,184
Current liabilities		
Deferred Revenue	3,749	3,602
Non-current liabilities		
Deferred Revenue	78,176	72,416

Deferred Revenue	**As at March 31,**	
	2024	**2025**
	US$	**US$**
	(in thousands)	
Beginning balance	**85,084**	**81,925**
Increased as a result of additional cash received against 'VGF'	1,015	-
Deferred revenue recognized	1,582	1,171
Reversal of Deferred revenue	(797)	(934)
Amount recognized into revenue	(3,793)	(4,091)
Foreign exchange fluctuation	(1,166)	(2,053)
Closing balance	**81,925**	**76,018**

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

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

The Group's cost of operations consists of expenses pertaining to operations and maintenance of its solar power plants. These expenses include payroll and related costs for maintenance staff, plant maintenance, insurance, and lease costs.

Depreciation expense is not included in cost of operations but is included within "Depreciation and amortization expense", shown separately in the consolidated statements of operations.

Cost of operations for the current year, includes US$ 1,265 thousands for the recovery of claims towards loss of Business interruption losses resulting from a fault in the power transformer at one of the projects.

(r) General and administrative expenses

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

(s) Share based compensation

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

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

(s) Share based compensation (continued)

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

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

Employee Stock Option

The share-based compensation expense related to share-based compensation is recorded as a component of general and administrative expenses in the Group's consolidated statements of operations and totaled reversal of expense US$ 22 thousands and reversal of expense US$ 196 thousands for the years ended March 31, 2024 and 2025, respectively.

Stock Appreciation Rights

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

Refer to note 22 for details on the Share based compensation.

(t) Assets held-for-sale

Assets and asset disposal group are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when management commits to a plan to sell the asset; the asset is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan have been initiated; the sale of the asset is probable within one year; 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 24.

(u) Contingencies

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

(v) Fair value of financial instruments

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

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

- *Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.*
- *Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.*
- *Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.*

(w) Derivative and Hedging

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

Contracts designated as Cash Flow Hedge

Cash flow hedge accounting is followed for derivative instruments to mitigate the exchange rate risk on foreign currency denominated debt instruments. Changes in fair value of derivative contracts designated as cash flow hedges are recorded in other comprehensive income/(loss), net of tax, until the hedge transaction occurs. The Group evaluates hedge effectiveness of cash flow hedges at the time a contract is entered into as well as on an ongoing basis or as required. When the relationship between the hedged items and hedging instrument is highly effective at achieving offsetting changes in cashflows attributable to the hedged risk, the Group records in other comprehensive income the entire change in fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness. The cost of the hedge is recorded as an expense over the period of the contract on a straight-line basis.

(w) Derivative and Hedging (continued)

Fair value hedges: hedging of foreign exchange exposure

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

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

Undesignated contracts

Changes in fair value of undesignated derivative contracts are reported directly in earnings along with the corresponding transaction gains and losses on the items being economically hedged. The Group and the Company enters into foreign exchange currency contracts to mitigate and manage the risk of changes in foreign exchange rates. These foreign exchange derivative contracts were entered into to hedge the fluctuations in foreign exchange rates for recognized balance sheet items such as the Group's U.S. dollar denominated borrowings. The Group and the Company has not designated the derivative contracts as hedges for accounting purposes. Realized gains (losses) and changes in the fair value of these foreign exchange derivative contracts are recorded in Loss / (gain) on foreign currency exchange, net in the consolidated statements of operations for the Group and the Company. These derivatives are not held for speculative or trading purposes.

(x) Segment information

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

(y) Non-controlling interest

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

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

As of March 31, 2025, the Group recorded a non-controlling interest amounting to US$ 4,750 thousands including US$ 147 thousands of net gain for the year ended March 31, 2025. As of March 31, 2024, the Group recorded a non-controlling interest amounting to US$ 9,048 thousands including US$ 705 thousands of net loss for the year ended March 31, 2024.

*This remaining ownership by the founders was under arbitration and same has been decided in our favor, we have filled a petition before the high court of Delhi seeking enforcement of the Award. Refer note 21.

(z) Inventory

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

(aa) Recent accounting pronouncements

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

(US$ amounts in thousands except share and per share data)

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Balances with current accounts………………………………..	19,426	15,553	1,475	1,655
Bank demand deposits*………………………………………..	70,151	85,754	-	1,700
Total	**89,577**	**101,307**	**1,475**	**3,355**

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

4. Restricted cash

Restricted cash consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Bank deposits………………………………………….………..	99,209	107,405	-	-
Term deposits – Restricted Cash……………………..………….	2,445	985	-	-
Total…………………………………………………………….	**101,654**	**108,390**	-	-
Restricted cash current………………………………………….	99,209	107,405	-	-
Restricted cash non-current balance……………………………	2,445	985	-	-

5. Accounts receivable

Accounts receivable, net consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Accounts receivable [(1)]……………………………………………	109,206	107,465	-	-
Less: Allowance for doubtful accounts…………………………..	(10,796)	(13,030)	-	-
Total……………………………………………………………….	**98,410**	**94,435**	**-**	-
Current	55,449	54,178	-	-
Non-Current	42,961	40,257	-	-

[(1)] Includes US$ 69,674 thousands and US$ 68,403 thousands of unbilled receivables for the year ended March 31, 2024 and 2025, respectively.

Activity for the allowance for doubtful accounts receivable is as follows:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Balance as at beginning of the year………………………………….	10,171	10,796	-	-
Provision for doubtful accounts………………………………………	2,093	2,514	-	-
Provision for assets reclassed to assets held for sale…………………	(1,321)	-	-	-
Write off charged against the allowances	-	(105)		
Foreign exchange fluctuation…………………………………………	(147)	(175)	-	-
Balance at the end of the year..……………………………………..	**10,796**	**13,030**	-	-

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6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Derivative asset - current (Refer note 25 and 26)………………………	43,255	49,762	-	-
Debt financing cost…………………………………………………….	998	335	-	245
Interest receivable on term deposits……………………………………	3,706	4,110	-	5
Balance with statutory authorities……………………………………...	4,660	5,852	-	-
Prepaid bank guarantee charges………………………………………......	261	107	-	-
Prepaid insurance and other expenses………………………………….	1,767	1,190	812	439
Advance to suppliers……………………………………......................	4,556	14,000	2,896	2,318
Intercompany receivable……………………………………..................	-	-	445	444
Dividend receivable……………………………………………………	-	-	-	1,500
Other…………………………………….................……….................	2,291	3,448	9	-
Total……………………………………………………………..….	**61,494**	**78,804**	**4,162**	**4,951**

7. Property, plant and equipment, net

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

	Estimated Useful Life (in years)	As of March 31,			
		The Group		The Company	
		2024	2025	2024	2025
		(US$)	(US$)	(US$)	(US$)
		(in thousands)			
Plant and machinery (solar power plants)*..	25-35	1,790,864	1,754,629	-	-
Leasehold improvements — solar power plant..	25	73,313	72,169	-	-
Furniture and fixtures	5	114	149	-	-
Vehicles..	5	1,078	898	-	-
Office equipment...	5	1,628	1,589	-	-
Computers	3	1,711	1,688	-	-
Leasehold improvements – office……………………………………………...	1-3	1,269	1,241	-	-
		1,869,977	**1,832,363**	-	-
Less: Accumulated depreciation..		283,183	326,242	-	-
Less: Accumulated impairment		34,087	37,052	-	-
		1,552,707	**1,469,069**	-	-
Freehold land*…………………………………………………………………		51,123	49,544	-	-
Construction in progress………………………………………………………		37,732	8,446	-	-
Total……………………………………………………………..………….		**1,641,562**	**1,527,059**	**-**	**-**

Depreciation expense on property, plant and equipment for the Group was, US$ 55,781 thousands and US$ 54,094 thousands for the years ended March 31, 2024 and 2025, respectively. Refer Note 24 for impairment recognized and classification of assets held for sale during the current year.

*The Group conducts periodic physical verifications of its property, plant and equipment through a structured program involving both internal teams and independent third-party. During the current year ended March 31, 2025 site verifications were carried out across our solar projects. Based on the outcome of the physical verification, certain discrepancies were identified which were reviewed and appropriately adjusted in the books of accounts. Accordingly, the Group had written down plant and machinery (net) amounting to US$ 3,748 thousands as a component of general and administrative expenses in the consolidated statement of operations.

(US$ amounts in thousands except share and per share data)

8. Software, net

Software, net consists of the following:

	Estimated Useful Life (in years)	As of March 31,			
		The Group		The Company	
		2024	2025	2024	2025
		(US$)	(US$)	(US$)	(US$)
Software licenses and related implementation costs	3	2,120	2,150	-	-
Less: Accumulated amortization		2,016	2,032	-	-
Total		**104**	**118**	-	-

Aggregate amortization expense for software for the Group was, US$ 36 thousands and US$ 16 thousands for the years ended March 31, 2024 and 2025, respectively. Estimated amortization expense for the years ending March 31, 2026 is US$ 59 thousands.

9. Current investments

Current investments, consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Investment	-	29	-	-
Total	**-**	**29**	**-**	**-**

10. Non-current investments

Non-current investments, consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Investment in subsidiaries[(1)]	-	-	766,195	758,014
Investment in others [(2)]	5,487	5,345	-	-
Total	**5,487**	**5,345**	**766,195**	**758,014**

[(1)] The Company had made strategic investments in subsidiaries and classified it as non-current. Further, The Company has recognized Provision for diminution of Investments aggregating to US$ 53,873 thousands. See Note 24.

[(2)] During the year ended March 31, 2022, the Group entered into a non-binding obligation with M/s Premier Energies limited ("Premier/ Manufacturer"), a solar module manufacturing company, relating to execution of tender received from SECI. During Fiscal Year 2021-22, the Group invested US$ 1,098 thousands in equity shares of Premier Energies International Private Limited ("PEIPL"). During the year ended March 31, 2023, the Group further invested US$ 502 thousands in equity shares (without dividend rights) and US$ 3,745 thousands in Compulsory Convertible Debentures of PEIP and the Company also entered into related module supply agreements and share and debentures subscription agreements with Premier. The Company is entitled for coupon at 8.5% p.a. on investment made under the agreement towards Compulsory Convertible Debentures of PEIPL.

11. Other assets

Other assets consist of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Prepaid income taxes	7,616	10,229	-	-
Derivative asset (refer note 25 and 26)	42,539	18,818	-	-
Interest receivable on term deposits	300	243	-	-
Security deposit	4,702	3,900	-	-
Contract acquisition cost	3,466	3,184	-	-
Unbilled receivables	4,316	1,286	-	-
Other	566	266	-	-
Total	**63,505**	**37,926**	**-**	**-**

(US$ amounts in thousands except share and per share data)

12. Other current liabilities

Other current liabilities consist of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Derivative liability (refer note 25 and 26)	6,279	18,916	-	-
Provision for employee benefits	306	353	-	-
Payable to statutory authorities	1,836	1,086	-	-
Other payables	46,301	66,580	2,374	25,313
Total	**54,722**	**86,935**	**2,374**	**25,313**

13. Long term debt

Long term debt consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Secured term loans, net of financing costs:				
Foreign currency loans(1)	8,30,992	516,306	-	48,088
Indian rupee loans (2)	518,820	842,919	-	-
Unsecured term loans, net of financing cost:				
Indian rupee loans (3)	-	40,663	-	-
Total	**1,349,812**	**1,399,888**	-	**48,088**
Other secured bank loans:				
Vehicle loans	84	-	-	-
Total Debt	**1,349,896**	**1,399,888**	-	**48,088**
Less: Current portion of debt	425,972	122,671	-	-
Long term debt	**923,924**	**1,277,217**	-	**48,088**

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

Foreign currency term loans

3.575% Senior Notes

During the year ended March 31, 2022, Azure Power Energy Limited (one of the subsidiaries of APGL) issued 3.575% US$ denominated Senior Notes ("3.575% Senior Notes" or "Green Bonds") and raised US$ 408,500 thousands, net of issuance expense of US$ 5,500 thousands. The issuance expenses have been recorded as finance cost, using the effective interest rate method and the unamortized balance of such amounts is netted with the carrying value of the Green Bonds. The Green Bonds are listed on the Singapore Exchange Securities Trading Limited. In accordance with the terms of the issue, the proceeds were used for repayment of 5.5% Senior Notes. The Green Bonds are secured by a pledge of Azure Power Energy Limited's shares held by Azure Power Global Limited. The interest and principal on the 3.575% Senior Notes is payable on a semi-annual basis and the final maturity date is in August 2026.

During the previous year, Azure Power Energy Limited (APEL) completed a consent solicitation process in respect of Solar Green Bonds and amended certain terms. The APEL had paid consent fees of US$ 2,129 thousands pursuant to such an amendment. Further, the APEL had also paid US$ 12,000 thousands as principal prepayment during the year ended March 31, 2024 and US$ 8,000 thousands has also been paid as principal prepayment during the year ended March 31, 2025. As of March 31, 2025, the net carrying value of the Green Bonds was US$ 291,910 thousands.

5.65% Senior Notes

During the year ended March 31, 2020, Azure Power Solar Energy Private Limited (one of the subsidiaries of APGL) issued 5.65% US$ denominated Senior Notes ("5.65% Senior Notes" or "Green Bonds") and raised US$ 344,410 thousands net of discount of US$ 101 thousands at 0.03% and issuance expense of US$ 5590 thousands. The discount on issuance of the Green Bonds and the issuance expenses have been recorded as finance cost, using the effective interest rate method and the unamortized balance of such amounts is netted with the carrying value of the Green Bonds. The Green Bonds are listed on the Singapore Exchange Securities Trading Limited.

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

13. Long term debt (continued)

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

During the year ended March 31, 2021, the Group borrowed US$ 93,000 thousands from Export Development Canada and Standard Chartered Bank (Singapore) Limited as a Foreign Currency Loan. The funds were provided to project SPVs as shareholder loans or through other instruments for capital expenditure or for payment of capital expenditure in respect of various specified projects. The borrowing was collateralized by the shares of certain project SPVs, a hypothecation/charge over receivables of the Group. During the current year the facility has been fully repaid by availing debt refinancing from HSBC Bank.

During the current year ended March 31, 2025, the Group obtained term loan of US$ 30,708 thousands from HSBC Bank. The facility is repayable in six semi-annually repayments, commencing from May 2025 and ending November 2027. The net carrying value of the loan as of March 31, 2025, is US$ 30,813 thousands. The loan facility is secured through pari-passu charge over current assets and moveable fixed assets, excluding any assets charged to the project specific bridge loan lender or term loan lender or other such facilities, and cash margin charged to the working capital lenders.

During the current year ended March 31, 2025, the Group obtained term loan of US$ 48,761 thousands from Investment Opportunities VI PTE. Limited. The facility is repayable in May 2027. The net carrying value of the loan as of March 31, 2025, is US$ 48,141 thousands. The loan facility is secured by charge on all present and future accounts of the Company and non-disposable undertaking (NDU) on shares held by the Company in Azure Power India Private Limited. During the current year in June 2024, the proceeds from this facility has been utilized for repayment of short-term loan from HSBC Bank taken in the previous year.

Indian Rupee Non-Convertible Debentures

During the year ended March 31, 2019, the Group issued Non-Convertible Debentures in two of its subsidiaries and borrowed US$ 7,924 thousands, net of issuance expense of US$ 203 thousands. During the year ended March 31, 2020, the Group issued further Non-Convertible Debentures in four of its subsidiaries and borrowed US$ 5,830 thousands, net of issuance expenses of US$ 253 thousands under the same facility. The debentures are repayable starting October 2024 to October 2025. The borrowing is collateralized by first ranking pari passu mortgage charge on all immovable and movable properties of related subsidiary within the group. As of March 31, 2025, the net carrying value of the Non-Convertible Debentures was US$ 1,554 thousands. As of March 31, 2025, the Group was not in compliance with the financial covenants related to this borrowing and has classified the loan under current debt.

Project level secured term loans

Foreign currency loans

During the year ended March 31, 2019, the Group borrowed US$ 7,980 thousands, as project level financing for some of its rooftop projects. During the year ended March 31, 2020, the Group further borrowed US$ 1,790 thousands and US$ 3,591 thousands under the same facility. The facility is repayable from October 2024 to October 2025. The borrowing is collateralized by first ranking pari passu mortgage charge on all immovable and movable properties of the borrower. The net carrying value of the loan as of March 31, 2025 is US$ 1,554 thousands. As of March 31, 2025, the Group was not in compliance with the financial covenants related to this borrowing and has classified the loan under current debt.

During the year ended March 31, 2022, the Group borrowed amount of US$ 155,078 thousands from MUFG Bank, Societe Generale, Export development Canada and Hong Kong Mortgage corporation limited for financing of its 300 MW solar project with Solar Energy Corporation of India. The loan is repayable in 17 quarterly instalments commencing April 2022 and ending in June 2026. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge of 100% of equity shares of the SPV held by the Azure Power India Private Limited, including its nominee. The loan is also secured by support from the holding Company. The net carrying value of the loan as of March 31, 2025 is US$ 143,886 thousands.

Indian rupee loans

The net carrying value of the loan as of March 31, 2025, is US$ 2,968 thousands, borrowed from Kotak Infrastructure Debt Fund Limited for financing of a 5 MW solar power project with NTPC Vidyut Vyapar Nigam Limited. The loan is repayable in 42 quarterly instalments, commencing from September 2021 and ending in March 2031. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan as of March 31, 2025 is US$ 13,776 thousands, borrowed from Indian Renewable Energy Development Agency Limited (IREDA) for financing of a 30 MW solar power project with Chhattisgarh State Power Distribution Company Limited. The loan is repayable in 168 monthly instalments, commencing from April, 2022 and ending in March 2036. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

The net carrying value of the loan as of March 31, 2025, is US$ 20,881 thousands, borrowed from NIIF Infrastructure Finance Limited for financing of a 50 MW solar power project with NTPC Limited. The loan is repayable in 64 quarterly instalments, commencing from December 2021 and ending in September 2037. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing a 100 MW solar power project with NTPC Limited as of March 31, 2025 is US$ 49,826 thousands. The loan is availed from NIIF Infrastructure Finance Limited and Aseem Infrastructure Finance Limited. These loans are repayable in 63 quarterly instalments, commencing from December 2021 and ending in June 2037. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

13. Long term debt (continued)

During the year ended March 31, 2022, the Group borrowed amount of US$ 75,600 thousands, net of initial installment, from Tata Cleantech Capital Limited and Axis Bank for financing of its 200 MW solar project with Solar Energy Corporation of India. These loans are repayable in 70 quarterly instalments commencing from December 2021 and ending on March 2039. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The net carrying value of the loan as of March 31, 2025 is US$ 56,138 thousands.

During the year ended March 31, 2019, the Group borrowed US$ 1,795 thousands as an External Commercial Borrowings from International Finance Corporation (IFC) for some of its rooftop projects. These facilities carry an interest rate of 10.74% and interest payments were payable every three months commencing from April 2019. The loan was repayable on October 15, 2024. During the current year the facility has been repaid.

The net carrying value of the loan as on March 31, 2025 is US$ 35,382 thousands, borrowed from Indian Renewable Energy Development Agency Limited (IREDA) for financing of its 90 MW solar project with Assam Power Distribution Company Limited. The loan is repayable in 216 monthly instalments, commencing from October 2022 and ending in March 2042. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing of its 35 MW solar project with NTPC Vidyut Vyapar Nigam Limited as of March 31, 2025 is US$ 19,934 thousands. The loan is availed from NIIF Infrastructure Finance Ltd and Kotak Infra Debt Fund Limited. These loans are repayable in 47 quarterly instalments, commencing from September 2021 and ending in March 2033. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing of its 600 MW solar project with Solar Energy Corporation of India as of March 31, 2025 is US$ 240,576 thousands. The loan is availed from Indian Renewable Energy Development Agency Limited (IREDA), India Infradebt Limited (IDF) and NIIF Infrastructure Finance Limited (NIIF). These loans are repayable in 243 monthly installments, commencing from July 2022 and ending in September 2042. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited.

During the current year ended March 31, 2025, the Company borrowed an amount of US$ 3,000 thouasands from Kotak Infrastructure Debt Fund Limited for financing of a 10 MW solar power project with Bangalore Electricity Supply Company Limited. The loan is repayable in 49 quarterly instalments, commencing from March 2024 and ending in March 2036. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project., net carrying value of the loan as of March 31, 2025 is US$ 4,405 thousands.

During the current year ended March 31, 2025, the Group borrowed US$ 133,440 thousands from HSBC Bank and India Infradebt Limited, towards refinancing of its 300 MW solar project with Solar Energy Corporation of India. The principal amount is repayable in 20 quarterly instalments, commencing from September 2024 and ending in July 2029. The net carrying value of the loan as on March 31, 2025 is US$ 130,741 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge of 100% of equity shares of the SPV held by the Azure Power India Private Limited, including its nominee. The loan is also partially secured by support from the holding Company. The project had earlier availed debt financing from State Bank of India, and that has been fully prepaid during the year.

During the current year ended March 31, 2025, the Group borrowed US$ 41,715 thousands from REC Limited, towards refinancing of its 100 MW solar power project with Bangalore Electricity Supply company limited (BESCOM) and Hubli Electricity Supply Company Limited (HESCOM) of 50 MW each. The loan is repayable in 186 monthly instalments, commencing from September 2024 and ending in March 2040. The net carrying value of the loan as of March 31, 2025 is US$ 40,324 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed US$ 17,293 thousands from REC Limited, towards refinancing of 28 MW solar power project with Punjab State Power Corporation Limited. The loan is repayable in 147 monthly instalments, commencing from September 2024 and ending in December 2036. The net carrying value of the loan as of March 31, 2025 is US$ 16,440 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed US$ 3,155 thousands from REC Limited, towards refinancing of 7 MW solar power project with Ordnance Factory Bhandara and Ordnance Factory Ambajhari of 2 MW and 5 MW respectively. The loan is repayable in 162 monthly instalments, commencing from September 2024 and ending in March 2038. The net carrying value of the loan as of March 31, 2025 is US$ 3,050 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

13. Long term debt (continued)

During the current year ended March 31, 2025, the Group has borrowed US$ 19,747 thousands from REC Limited, towards refinancing of 40 MW solar power project with Solar energy corporation of India limited. The loan is repayable in 174 monthly instalments, commencing from September 2024 and ending in March 2039. The net carrying value of the loan as of March 31, 2025 is US$ 18,859 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed US$ 103,293 thousands from REC Limited, towards refinancing of 260 MW solar power project with Gujarat Urja Vikas Nigam Limited. The loan is repayable in 186 monthly instalments, commencing from September 2024 and ending in March 2040. The net carrying value of the loan as of March 31, 2025 is US$ 99,882 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed US$ 66,370 thousands from REC Limited, towards refinancing of 130 MW solar power project with Maharashtra State electricity Distribution Company Limited. The loan is repayable in 193 monthly instalments, commencing from September 2024 and ending in September 2040. The net carrying value of the loan as of March 31, 2025 is US$ 64,021 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed US$ 25,356 thousands from REC Limited, towards refinancing of 50 MW solar power project with Solar Energy Corporation of India Limited. The loan is repayable in 174 monthly instalments, commencing from September 2024 and ending in March 2039. The net carrying value of the loan as of March 31, 2025 is US$ 24,164 thousands. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

As of March 31, 2025, the Group has unused commitments excluding Rooftop portfolio for long-term financing arrangements amounting to US$ 20,191 thousands for solar power projects.

Trade credit

As of March 31, 2024, the Group had a buyer's credit facility amounting to US$ 95,354 thousands for 300 MW solar power project with Solar Energy Corporation of India. During the current year ended March 31, 2025, the facility has been repaid.

Other long-term loans

During the year ended March 31, 2022, the Group had taken loan of US$ 24 thousands from HDFC Bank. The loan was repayable in 60 monthly instalments commencing from January 2022 and ending December 2026. The facility has been repaid during the current year.

During the year ended March 31, 2023, the Group obtained car loan of US$ 97 thousands. Borrowing under this facility is repayable in 60 monthly instalments commencing from January 2022 and ending December 2026. The facility has been repaid during the current year.

Short-term loans

During the year ended March 31, 2024 and March 31, 2025, the Group obtained term loans of US$ 18,000 thousands and US$ 23,370 thousands, respectively, from HSBC. Borrowing under this facility is repayable in November 2025. The net carrying value of the loan as of March 31, 2025, is US$ 40,663 thousand.

Covenants and debt financing costs

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

As of March 31, 2025, the Group was in compliance with the financial covenants or remediated the non-compliance prior to the issuance of these financial statements except for the loans due after March 31, 2025 aggregating to US$ 3,108 thousands (net of debt financing costs of US$ 12 thousands), wherein the Group was not in compliance with the financial covenants and have classified the loan under current debt.

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

The carrying value of debt financing costs as on March 31, 2024 and March 31, 2025 was US$ 11,610 thousands and US$ 10,119 thousands, respectively, for the above loans, which is amortized over the term of the contract using the effective interest rate method.

(US$ amounts in thousands except share and per share data)

13. Long term debt (continued)

Restricted cash

The Group is required to maintain principal and interest, both as defined in the respective agreements, as a reserve with banks specified by the respective lenders. Such amounts, totaling US$ 49,668 thousands and US$ 46,307 thousands as of March 31, 2024 and March 31, 2025, respectively, are classified as restricted cash on the consolidated balance sheet.

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

	Annual maturities
As of March 31,	**US$**
2026	126,033
2027	475,816
2028	97,393
2029	49,649
2030	165,702
Thereafter	495,414
Total: aggregate maturities of long-term debt	**1,410,007**
Less: carrying value of unamortized debt financing costs	(10,119)
Net maturities of long-term debt	**1,399,888**
Less: current portion of long-term debt	(122,671)
Long-term debt	**1,277,217**

14. Income Taxes

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

The fiscal year under the Indian Income Tax Act ends on March 31. A portion of the Group's Indian operations qualify for deduction from taxable income because its profits are attributable to undertakings engaged in development of solar power projects under section 80-IA of the Indian Income Tax Act, 1961. This holiday is available for a period of ten consecutive years out of fifteen years beginning from the year in which the respective Group's entity generates power ("Tax Holiday Period"). However, the exemption is only available to the projects completed on or before March 31, 2017. For majority of our subsidiaries eligible for aforesaid deduction, we have claimed the same in the last ten years out of fifteen years beginning with the year in which the respective Group's entity generates power and when it has taxable income. Accordingly, its current operations are taxable at the applicable tax rates, based on eligibility criteria.

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

The provision/ (benefit) for the income tax for the Group consists of the following:

	Year ended March 31,	
	2024	**2025**
	US$	**US$**
Current tax expense	6,887	5,843
Income tax adjustments pertaining to earlier years	-	(1,344)
Withholding Tax on interest on Inter-corporate debt	5,400	3,138
Deferred income tax (benefit)	(10,090)	(13,058)
Total	**2,197**	**(5,421)**

Loss before income taxes for the Group is as follows:

	Year ended March 31,	
	2024	**2025**
	US$	**US$**
Domestic operations	(32,334)	(32,740)
Foreign operations	(6,576)	(9,566)
Total	**(38,910)**	**(42,306)**

Net Deferred income taxes for the Group in the consolidated balance sheet as follows:

	As at March 31,	
	2024	**2025**
	US$	**US$**
Deferred tax assets	42,943	52,383
Less: Valuation allowance	(21,757)	(24,899)
Net deferred tax assets	**21,186**	**27,484**
Deferred tax liabilities	**39,401**	**28,097**

(US$ amounts in thousands except share and per share data)

14. Income Taxes (continued)

At March 31, 2025, the Group and the Company performed an analysis of the deferred tax asset valuation allowance. Based on the analysis, the Group and the Company has concluded that a valuation allowance offsetting the deferred tax assets is required as of March 31, 2025, on the basis that it is more likely than not that APGL itself will not be able to utilize the entirety of its net operating losses as it has no business operations of its own.

Change in the valuation allowance for deferred tax assets for the Group as of March 31, 2024 and March 31, 2025 is as follows:

	Year ended March 31,	
	2024	2025
	(US$)	(US$)
Opening valuation allowance	29,865	21,757
Movement during the year	(8,108)	3,142
Closing valuation allowance	**21,757**	**24,899**

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

	As at March 31,	
	2024	2025
	(US$)	(US$)
Deferred tax assets:		
Net operating loss [1]	231,139	226,318
Tax on Inter — Company margin	60	70
Deferred revenue	7,472	7,280
Asset retirement obligation	3,754	4,101
Depreciation and amortization	19,658	-
Minimum alternate tax credit	4,762	9,476
Allowance under Section 94B of the Indian Income Tax Act	-	58,225
Other deductible temporary difference	10,111	1,518
Capital loss on investment in rooftop and other assets	-	9,850
Valuation allowance	(21,757)	(24,899)
Deferred tax liabilities:		
Depreciation and amortization	(263,627)	(287,259)
Other comprehensive income	(9,787)	(5,293)
Net deferred tax liabilities	**(18,215)**	**(613)**

[1] Includes deferred tax on unabsorbed depreciation that can be carried forward indefinitely for set off as per income tax laws.

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

	For the Year ended March 31,			
	2024		2025	
	Tax US$	%	Tax US$	%
Statutory income tax (benefit)/expense	(13,600)	34.94%	(10,586)	25.17%
Temporary differences reversing in the Tax Holiday Period	(4,868)	12.51%	18,766	(44.90)%
Permanent timing differences	23,601	(60.66)%	17,738	(42.44)%
Temporary differences on Section 94B allowance	-	-	(50,361)	120.50%
Minimum alternate tax credit	-	-	10,458	(25.02)%
Valuation allowance created / (reversed) during the year	(7,742)	19.90%	3,704	(8.86)%
Tax adjustment relating to earlier years	145	(0.37)%	(1,332)	3.19%
Withholding tax on interest on Inter-Company debt related to green bonds	5,398	(13.88)%	3,096	(7.41)%
Other difference	(737)	1.89%	3,096	(7.41)%
Total	**2,197**	**(5.65)%**	**(5,421)**	**12.82%**

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

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

(US$ amounts in thousands except share and per share data)

15. Interest expense, net

Interest expense, net consists of the following:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Interest expense:				
Term loans	143,735	131,819	-	-
Short term loans	-	-	1,320	5,370
Bank charges and other[1]	11,585	13,981	53	28
Loss on account of modification of contractual cash flows	315	-	-	-
	155,635	**145,800**	1,373	5,398
Interest income:				
Term and fixed deposits	15,217	13,597	48	73
Other	7,172	5,871	9	-
Total	**133,246**	**126,332**	**1,316**	**5,325**

[1] Bank charges and other includes amortization of debt financing costs of US$ 5,520 thousands and US$ 7,865 thousands for the Group, for the years ended March 31 2024 and 2025, respectively, and includes debt financing costs written off related to the debt refinancing amounting to US$ Nil and US$ 1,419 thousands, respectively for the Group.

16. Gain/ (Loss) on foreign currency exchange

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

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Unrealized (loss)/ gain on foreign currency loans	134	(135)	-	-
Other gain/ (loss) on foreign currency exchange	(555)	230	-	-
Total	**(421)**	**95**	**-**	**-**

17. Equity shares

Equity shares

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

	As of March 31,			
	2024	2024	2025	2025
	Number of shares	US$	Number of shares	US$
Issued:				
Outstanding and fully paid:				
Equity shares of US$ 0.000625 par value each				
Beginning balance	64,166,360	40	64,166,360	40
Exercise of ESOPs [1]	-	-	-	-
Ending balance	**64,166,360**	**40**	**64,166,360**	**40**

[1] Refer Note 22 for details of ESOPs exercised during the year.

(US$ amounts in thousands except share and per share data)

18. Loss per share

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

Loss per share is presented below:

	As of March 31,			
	The Group		The Company	
	2024	2025	2024	2025
	(US$)	(US$)	(US$)	(US$)
Net loss attributable to APGL equity shareholders	(40,402)	(37,032)	(28,449)	(46,589)
Add: Accretion on redeemable non-controlling interest	-	-	-	-
Total (A)	**(40,402)**	**(37,032)**	**(28,449)**	**(46,589)**
Shares outstanding for allocation of undistributed income:				
Equity shares	64,166,360	64,166,360	64,166,360	64,166,360
Weighted average shares outstanding				
Equity shares (B)	64,166,360	64,166,360	64,166,360	64,166,360
Equity shares – Diluted (C)	64,166,360	64,166,360	64,166,360	64,166,360
Net loss per share — basic and diluted				
Equity loss per share – Basic (D=A/B)	(0.63)	(0.58)	(0.44)	(0.73)
Equity loss per share – Diluted (E=A/C)	(0.63)	(0.58)	(0.44)	(0.73)

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

19. Leases

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

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

	For the year ended March 31,	
	2024	2025
	US$	US$
Operating lease cost	5,906	5,735
Short-term lease cost	145	95
Total lease cost	**6,051**	**5,830**

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

	As at March 31,	
	2024	2025
	US$	US$
Non-current assets		
Right-of-use assets	50,496	47,693
Non-current liabilities		
Lease liabilities (A)	41,613	40,690
Current liabilities		
Lease liabilities (B)	3,787	3,790
Total operating lease liabilities (A+B)	**45,400**	**44,480**

(US$ amounts in thousands except share and per share data)

19. Leases (continued)

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

	As at March 31,	
	2024	2025
	Amount (US$)	Amount (US$)
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities	3,718	3,972
Weighted average remaining lease term	28 years	27 years
Incremental borrowing rate	10%	10%

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

Year ended March 31, 2025	Amount (US$)
Fiscal 2026	3,949
Fiscal 2027	4,090
Fiscal 2028	4,207
Fiscal 2029	3,938
Fiscal 2030	3,739
Thereafter	121,709
Total undiscounted lease payments	**141,632**
Less: Imputed interest	97,152
Total lease liabilities	**44,480**

20. Commitments, guarantees and contingencies

Capital commitments

The commitments for the purchase of property, plant and equipment were US$ 235,565 thousands and US$ 16,347 thousands as of March 31, 2024 and 2025 respectively.

Guarantees

The terms of our PPAs provide for the annual delivery of a minimum amount of electricity at fixed prices. Under the terms of the PPAs, we have issued irrevocable performance bank guarantees. These in total amount to US$ 19,814 thousands and US$ 20,343 thousands as of March 31, 2024 and 2025, respectively.

As of March 31, 2024 and 2025, the Group issues irrevocable performance bank guarantees aggregating to US$ 8,948 thousands and US$ 7,490 thousands respectively, in relation to under construction projects. Further, bank guarantee of US$ 9,871 thousands and US$ 11,883 thousands as of March 31, 2024 and 2025 respectively are in relation to commissioned projects as per respective PPAs and other project requirements.

The Group issued bank guarantees amounting to US$ 936 thousands and US$ 911 thousands as of March 31, 2024 and 2025 respectively, have been issued to meet Debt-Service Reserve Account (DSRA) requirements for outstanding loans.

Further, US$ 60 thousands and US$ 58 thousands bank guarantee as of March 31, 2024 and 2025 respectively, are towards other commitments. The funds released from maturity/settlement of existing bank guarantees can be used for future operational activities.

Contingencies

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

A contingent liability amounting to US$ 5,001 thousands may arise on account of dispute raised by one of the vendors.

(US$ amounts in thousands except share and per share data)

21. Related Party Disclosures

The Company and its subsidiary, Azure Power India Private Limited ("APIPL"), were parties to an arbitration proceeding initiated by Mr. Inderpreet Singh Wadhwa ("IW"), former Chairman, CEO, and Managing Director of the Company, and Mr. H.S. Wadhwa ("HSW"), former COO of APIPL. The dispute concerned the purchase price of their respective shareholdings in APIPL. The arbitration was conducted under rules of the Singapore International Arbitration Centre (SIAC). The arbitration concluded with an award in our favor. Subsequently, IW and HSW filed an appeal challenging the SIAC award which was also dismissed by Singapore High Court vide order dated June 29, 2022, thereby, upholding the Award in our favor. We have filed a petition before the High Court of Delhi seeking enforcement of the award. In the course of these proceedings, IW and HSW have been restrained from alienating or creating any third-party rights over their shares in APIPL, which form the subject matter of the award. This matter is next listed for hearing on August 26, 2025.

22. Share based compensation

The Company has a 2015 Stock Option Plan and 2016 Equity Incentive Plan and as amended on March 31, 2020 (collectively "ESOP Plans") duly approved by the Board of Directors and had 2,023,744 stock options in the employee stock option pool as of March 31, 2021. Under the ESOP Plans, the Compensation Committee on behalf of Board of Directors (the "Directors") may from time to time make grants to one or more employees, determined by it to be eligible for participation under the plans.

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

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

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

Employee Stock Option Plan

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

	Number of shares*	**Weighted average exercise price in US$**
Options outstanding as of March 31, 2023	415,813	16
Exercised	(1,945)	1
Forfeited	(109,666)	18
Options outstanding as of March 31, 2024	**304,202**	**16**
Vested and exercisable as of March 31, 2024	**241,678**	**14**

	Number of shares*	**Weighted average exercise price in US$**
Options outstanding as of March 31, 2024	304,202	16
Forfeited/Expired	(162,154)	15
Options outstanding as of March 31, 2025	**142,048**	**12**
Vested and exercisable as of March 31, 2025	**142,048**	**12**

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

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

No new grants have been made by the Company during the current year. As of March 31, 2024, and 2025, the aggregate intrinsic value of all outstanding options was Nil.

The share-based compensation expense related to share options (including RS) is recorded as a component of general and administrative expenses in the Group's consolidated statements of operations and totaled, reversal of US$ 22 thousands and reversal of US$ 196 thousands for the years ended March 31, 2024 and 2025, respectively. Unrecognized compensation cost for unvested options as of March 31, 2025 is US$ Nil thousands.

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

(US$ amounts in thousands except share and per share data)

22. Share based compensation (continued)

Stock Appreciation Rights (SARs)

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

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

	Number of SARs	Weighted average exercise price in US$
SAR outstanding as of March 31, 2023	680,000	11
Granted	-	-
SAR forfeited/reversed during the year	-	-
Options outstanding as of March 31, 2024	680,000	11
Vested as of March 31, 2024	**680,000**	**11**
Exercisable as of March 31, 2024	**680,000**	**11**

	Number of SARs	Weighted average exercise price in US$
SAR outstanding as of March 31, 2024	680,000	11
Granted	-	-
SAR forfeited/reversed during the year	-	-
Options outstanding as of March 31, 2025	680,000	11
Vested as of March 31, 2025	**680,000**	**11**
Exercisable as of March 31, 2025	**680,000**	**11**

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

The share-based compensation expense related to SARs is recorded as a component of general and administrative expenses in the Company's consolidated statements of operations totaled reversal of US$ Nil thousands and reversal of US$ Nil thousands for the year ended March 31, 2024 and March 31, 2025 respectively. The carrying value of the liability recorded for SARs as at March 31, 2024 and 2025 was US$ 2,375 thousands and US$ 2,314 thousands, respectively. Unrecognized compensation cost for unvested SARs as of March 31, 2025 is US$ Nil.

The fair value per SAR at the date of grant during the year ended March 31, 2025 is as follows:

Date of grant	No. of SARs granted	Deemed fair value of SAR (US$)	Vesting period	Valuation used
July 18, 2019	200,000	9	February 2020	Market price
July 18, 2019	1,600,000	9	March 31, 2020 to July 31, 2027	Market price
March 30, 2020	170,000	15	March 31, 2021 to March 31, 2024	Market price
March 31, 2021	80,000	28	March 31, 2022 to March 31, 2025	Market price

23. Post retirement plans

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

The following table sets forth the changes in projected benefit obligations of the Group:

	As at March 31,	
	2024	2025
	US$	US$
Benefit obligation at beginning of year	586	696
Service cost	157	130
Interest cost	48	47
Net actuarial loss	25	12
Benefits paid	(120)	(199)
Benefit obligation at end of year	**696**	**686**
Amounts recognized in statement of financial Position at March 31 consist of:		
Other non-current liabilities	531	487
Other current liabilities	165	199
Net amount recognized	**696**	**686**

(US$ amounts in thousands except share and per share data)

23. Post retirement plans (continued)

Components of Net Periodic Benefit Cost

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

	As at March 31,	
	2024	2025
	US$	US$
Service cost	157	130
Interest cost	48	47
Amortization of:		
Net actuarial loss	25	12
Net periodic benefit cost	**230**	**189**

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

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

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

	Year ended March 31,	
	2024	2025
Within the next		
- 1 year	168	199
- 1 and 2 years	132	129
- 2 and 3 years	108	105
- 3 and 4 years	96	93
- 4 and 5 years	96	82
- 5 and 10 years	228	199

24. Impairment of assets and Assets held for sale

(a) In April 2021, the Group has entered into an agreement with Radiance to sell following subsidiaries (the "Rooftop Subsidiaries") with an operating capacity of 153 MW (the "Rooftop Portfolio") for US$ 73.1 million, subject to certain purchase price adjustments (the "Rooftop Sale Agreement"). Pursuant to the Rooftop Sale Agreement, Radiance will acquire 100% of the equity ownership of the Rooftop Subsidiaries owned by the Group. The Group had recognized an impairment loss in relation to the Rooftop Subsidiaries aggregating to US$ 35,351 million during the year ended March 31, 2021, pursuant thereto these assets (net) are carried at its fair values in the financial statements.

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

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

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

During the current year ended March 31, 2025, upon removal of transfer restrictions and transfer of the remaining equity ownership in respect of the 33.2 MW operating capacity that were part of the Restricted Groups, and 16 MW project with Delhi Jal Board, there is a loss of control in respect to these entities. Accordingly, the carrying amount of the net assets and the non-controlling interest is derecognized and correspondingly fair value of the proceeds are recognized, with the resulting difference led to reversal of impairment amounting to US$ 24 thousands and a gain of amounting to US$ 4,445 thousands which have been recorded under general and administrative expenses respectively in the consolidated statement of operations.

The fair value of consideration related to the rooftop sale in previous year includes expected recovery of VGF for US$ 6.1 million. The Company has undertaken to refund to the purchaser an amount equivalent to 85% of any shortfall in recovery of VGF. Based on the current circumstances, management has assessed that they have complied with the conditions associated with the grant of VGF and hence have determined that the recovery of the VGF is likely.

(US$ amounts in thousands except share and per share data)

24. Impairment of assets and Assets held for sale (continued)

(b) During the year ended March 31, 2025, the Group has recognized impairment loss of US$ 3,890 thousands towards written down value of rooftop assets still held by the Company.

(c) During the year ended March 31 2024, the Group had recognized impairment loss of US$ 8,727 thousands against Naregal site for wind projects pursuant to expiry of Government Orders ("GOs") during Fiscal Year 2025 and uncertainty of execution of project at that site.

(d) During the year ended March 31, 2024, the Group had recognized impairment loss of US$ 317 thousands towards written down value of assets, provision for bank guarantee and other expected cost in relation to Delhi 2 MW project.

(e) The Company in it separate Financial Statements has recognised the impairment of US$ 8,181 thousands towards investment in rooftop assets still held by the Company.

25. Fair Value Measurements

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

- Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — includes other inputs that are directly or indirectly observable in the marketplace. Observable inputs, other than Level 1 quoted prices for similar instruments in active markets; quoted prices for similar or identical instruments in markets that are not active; and valuations using models in which all significant inputs are observable in active markets.
- Level 3 — Unobservable inputs which are supported by little or no market activity.

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

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

- Market approach — Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach — converting the future amounts based on the market expectations to its present value using the discounting methodology.
- Cost approach — Replacement cost method.

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

Foreign exchange derivative contracts

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

Fair value measurement for the Group as on March 31, 2024

	Fair Value measurement at reporting date using			
	As of March 31, 2024 (US$)	**Quoted Prices in Active Markets for Identical Assets (Level 1) (US$)**	**Significant Other Observable Inputs (Level 2) (US$)**	**Significant Unobservable Inputs (Level 3) (US$)**
Assets				
Current assets				
Fair valuation of swaps and options	38,889	-	38,889	-
Fair valuation of swaps and forward	4,366	-	4,366	-
Non-Current assets		-		-
Fair valuation of swaps and options	24,000	-	24,000	-
Fair valuation of swaps and forward	18,539	-	18,539	-
Total assets	**85,794**	-	**85,794**	-

(US$ amounts in thousands except share and per share data)

25. Fair Value Measurements (continued)

		Fair Value measurement at reporting date using		
	As of March 31, 2024 (US$)	Quoted Prices in Active Markets for Identical Assets (Level 1) (US$)	Significant Other Observable Inputs (Level 2) (US$)	Significant Unobservable Inputs (Level 3) (US$)
Current liabilities				
Forward exchange derivative contracts	246	-	246	-
Fair valuation of swaps and forward	24	-	24	-
Fair valuation of swaps and options	6,009	-	6,009	-
Total Liabilities	**6,279**	**-**	**6,279**	**-**

Fair value measurement for the Group as on March 31, 2025

		Fair Value measurement at reporting date using		
	As of March 31, 2025 (US$)	Quoted Prices in Active Markets for Identical Assets (Level 1) (US$)	Significant Other Observable Inputs (Level 2) (US$)	Significant Unobservable Inputs (Level 3) (US$)
Assets				
Current assets				
Fair valuation of swaps and options	49,576	-	49,576	-
Fair valuation of swaps and forward	186	-	186	-
Non-Current assets				
Fair valuation of swaps and options	175	-	175	-
Fair valuation of swaps and forward	18,643	-	18,643	-
Total assets	**68,580**	**-**	**68,580**	**-**

		Fair Value measurement at reporting date using		
	As of March 31, 2025 (US$)	Quoted Prices in Active Markets for Identical Assets (Level 1) (US$)	Significant Other Observable Inputs (Level 2) (US$)	Significant Unobservable Inputs (Level 3) (US$)
Current liabilities				
Fair valuation of swaps and forward	257	-	257	-
Fair valuation of swaps and options	18,659	-	18,659	-
Total Liabilities	**18,916**	**-**	**18,916**	**-**

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

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

	As of March 31, 2024	
	Carrying Value (US$)	Fair Value (US$) *
Foreign currency loans	641,268	597,717
Indian currency loan	26,831	25,979

	As of March 31, 2025	
	Carrying Value (US$)	Fair Value (US$) *
Foreign currency loans	291,909	277,993

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

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

(US$ amounts in thousands except share and per share data)

26. Derivative instruments and hedging activities

Option Contracts Undesignated as hedge

(Gains)/Losses on foreign exchange derivative contracts for the year ended March 31, 2024 and 2025 aggregated US$ Nil thousand for the Group.

Contracts designated as Cashflow hedge

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

The Group documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested as determined at the time of inception of the contract. The gain or loss on the hedge contracts was recorded in accumulated other comprehensive income to the extent the hedge contracts were effective. The gain or loss on the hedge contracts shall be reclassified to interest expense when the coupon payments and principal repayments are made on the related investments. The hedge contracts were effective as of March 31, 2025.

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

	March 31, 2024				
	Notional Amount US$	Non-current Liabilities (Fair Value) US$	Current Liabilities (Fair Value) US$	Prepaid expenses and other current assets (Fair Value) US$	Other non-current assets (Fair Value) US$
Fair valuation of swaps and options	632,000	-	6,009	38,889	24,000
Forward exchange derivative contracts	98,300	-	246	-	-
Fair valuation of swaps and forward	200,000	-	24	4,366	18,539

	March 31, 2025				
	Notional Amount US$	Non-current Liabilities (Fair Value) US$	Current Liabilities (Fair Value) US$	Prepaid expenses and other current assets (Fair Value) US$	Other non-current assets (Fair Value) US$
Fair valuation of swaps and options	468,800	-	18,659	49,576	175
Fair valuation of swaps and forward	153,100	-	257	186	18,643

The Group recorded the net fair value of derivative asset/liability of US$ 7,880 thousands and US$ 27,798 thousands in the Other comprehensive income for the year ended March 31, 2024 and 2025, respectively and recorded an expense of US$ 23,808 thousands and US$ 13,196 thousands related to the amortization of the cost of the hedge for the year ended March 31, 2024 and 2025, respectively. The foreign exchange derivative contracts mature generally over a period of 0.3 – 2.7 years.

Contracts designated as fair value hedge

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

27. Concentrations of credit risk

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

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

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

28. Whistle-blower Allegations and Special Committee Investigation

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

The ARC Investigation was concluded in the previous fiscal year.

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

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

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of US$ 23,000 thousands on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

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

29. Subsequent event

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of US$ 23,000 thousands on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

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