

Azure Power
Restricted Group III Special Purpose
Combined Financial Statements
For the six months ended
September 30, 2025

**Restricted Group III Special Purpose Unaudited Combined Financial Statements
as of September 30, 2025**

	Page No.
Special Purpose Unaudited Combined Balance Sheet	1
Special Purpose Unaudited Combined Statement of Profit and Loss	2
Special Purpose Unaudited Combined Statement of Cash Flows	3
Special Purpose Unaudited Combined Statement of Changes in Equity	4
Notes to Special Purpose Unaudited Combined Financial Statements	5
Discussion on results of operations	10

Restricted Group- III
Special purpose unaudited combined balance sheet as at September 30, 2025
(All amount in INR millions, unless otherwise stated)

	As at September 30, 2025 (Unaudited)	As at March 31, 2025 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	25,942	26,378
Right-of-use assets	807	823
Capital work-in-progress	35	52
Financial assets		
- Trade receivables	-	4
- Loans	8,336	8,336
- Other financial assets	1,083	728
Deferred tax assets (net)	187	276
Income tax assets (net)	542	261
Other non-current assets	213	304
Total non-current assets	37,145	37,162
Current assets		
Inventories	1	1
Financial assets		
- Trade receivables	1,255	3,075
- Cash and cash equivalents	3,540	409
- Other bank balances	436	648
- Loans	-	43
- Other financial assets	4,497	5,276
Other current assets	98	73
Total current assets	9,827	9,525
Total assets	46,972	46,687
Equity and liabilities		
Equity		
Equity share capital	113	113
Other equity	14,929	14,833
Total equity	15,042	14,946
Non-current liabilities		
Financial liabilities		
- Borrowings	195	22,632
- Lease liabilities	971	966
- Other financial liabilities	16	10
Provisions	112	107
Deferred tax liabilities (net)	2,482	1,149
Other non-current liabilities	1,967	2,016
Total non-current liabilities	5,743	26,880
Current liabilities		
Financial liabilities		
- Borrowings	24,638	2,403
- Lease liabilities	70	69
- Trade payables		
Total outstanding dues of micro and small enterprises	36	52
Total outstanding dues of creditors other than micro and small enterprises	301	316
- Other financial liabilities	949	1,663
Other current liabilities	154	159
Provisions	7	8
Current tax liabilities (net)	32	191
Total current liabilities	26,187	4,861
Total liabilities	31,930	31,741
Total equity and liabilities	46,972	46,687

See accompanying notes to the financial statements

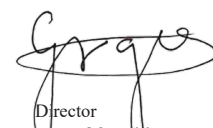
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The accompanying notes are an integral part of the special purpose unaudited combined financial statements.

For and on behalf of Restricted Group-III


Director

Place : Mauritius
Date : 10 December 2025


Director

Place : Mauritius
Date : 10 December 2025

Restricted Group- III**Special purpose unaudited combined statement of profit and loss for the six months period ended September 30, 2025**

(All amount in INR millions, unless otherwise stated)

	Six months ended September 30, 2025 (Unaudited)	Six months ended September 30, 2024 (Unaudited)
Revenue		
Revenue from operations	2,789	2,821
Other income	150	66
Total revenue (I)	2,939	2,887
Expenses		
Employee benefits expense	35	39
Other expenses	370	358
Total expenses (II)	405	397
Earnings before interest, tax and depreciation (EBITDA) (I)-(II)	2,534	2,490
Depreciation expense	(518)	(521)
Interest income	473	495
Finance costs	(1,006)	(1,163)
Profit before tax	1,483	1,301
Tax expense:		
Current tax expense	238	298
Income tax adjustment pertaining to earlier years	(146)	(9)
Deferred tax charge	1,263	441
Total tax expense	1,355	730
Profit after tax	128	571
Other comprehensive income		
Items that will be reclassified to profit or loss		
Effective portion of cash flow hedge	1,064	777
Income tax effect	(159)	(117)
	905	660
Exchange differences on translating the financial statements of foreign entities	(937)	(134)
Other comprehensive (loss)/ income	(32)	526
Total comprehensive income	96	1,097

See accompanying notes to the financial statements

1-15

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

For and on behalf of Restricted Group-III


Director

Place : Mauritius

Date : 10 December 2025



Director

Place : Mauritius

Date : 10 December 2025

Restricted Group- III**Special purpose unaudited combined statement of cash flows for the six months period ended September 30, 2025**

(All amount in INR millions, unless otherwise stated)

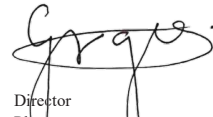
Particulars	Six months ended September 30, 2025 (Unaudited)	Six months ended September 30, 2024 (Unaudited)
A Cash flow from operating activities		
Profit before tax	1,483	1,301
Adjustment to reconcile profit before tax to net cash flow		
Depreciation and amortisation expense	518	521
Interest income	(473)	(495)
Exchange difference (net)	3	-
Deferred revenue	13	7
Insurance claim received	(5)	-
Allowance for doubtful trade receivables (net)	18	22
Asset written off	7	58
Provisions / liabilities no longer required written back	(7)	(33)
Viability Gap funding income	(55)	(58)
Contract assets	4	101
Finance cost	1,006	1,163
Operating profit before working capital changes	2,512	2,587
Movements in working capital:		
Decrease/(increase) in trade receivables	1,806	(86)
Decrease/(increase) in other current/non-current financial assets	963	(1)
Increase in other current assets	(47)	(20)
Decrease in other non-current assets	2	2
Decrease in trade payables	(29)	(27)
Increase in other current/non-current financial liabilities	7	14
Decrease in other current and non-current liabilities	(6)	(121)
Decrease in provisions	(1)	-
Cash generated from operations	5,207	2,348
Income tax paid (net of refunds)	(532)	(413)
Net cash from operating activities	4,675	1,935
B Cash flow from investing activities		
Purchase of Property, plant and equipment (including capital work in progress, capital advance and capital creditors)	(61)	(21)
Insurance claim received against disposal of property, plant and equipment	5	-
Interest received	109	176
Net proceeds from bank deposits (having the original maturity of more than three months)	213	1,442
Proceeds from repayment of loans given to parent company/ fellow subsidiaries	44	152
Net cash from investing activities	310	1,749
C Cash flow from financing activities		
Repayment of Senior notes	(1,306)	(1,864)
Proceeds from current borrowing taken from parent company	107	-
Repayment of borrowing taken from parent company/fellow subsidiaries	-	(25)
Payment for hedging arrangements	(137)	(254)
Payment of lease liabilities	(43)	(36)
Dividend paid	-	(1,089)
Interest paid	(462)	(587)
Net cash used in financing activities	(1,841)	(3,855)
Net increase/ (decrease) in cash and cash equivalents	3,144	(171)
Effect of exchange rate changes on cash and cash equivalents	(13)	58
Net increase/ (decrease) in cash and cash equivalents	3,131	(113)
Cash and cash equivalents at the beginning of the year	409	373
Cash and cash equivalents at the end of the year	3,540	260
Components of cash and cash equivalents		
Balances with schedule banks:		
- In current accounts	141	196
- Deposits with original maturity of less than 3 months	3,399	64
Total cash and cash equivalents	3,540	260

Notes:

- The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) on "Statement of Cash Flows" referred to Section 133 of Companies Act 2013.
- The accompanying notes are an integral part of the special purpose unaudited combined financial statements.

For and on behalf of Restricted Group-III


 Director
 Place : Mauritius
 Date : 10 December 2025


 Director
 Place : Mauritius
 Date : 10 December 2025

Restricted Group- III
Special purpose unaudited combined statement of changes in equity for the six months period ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

(a) Statement of changes in equity*
Shares (Aggregate of Restricted Group of entities):
Equity shares of INR 10 each issued, subscribed and fully paid
At April 01, 2024

Changes in equity share capital during the year

At March 31, 2025

Changes in equity share capital during the period

At September 30, 2025

	Number of shares	Amount
At April 01, 2024	11,254,112	113
Changes in equity share capital during the year	-	-
At March 31, 2025	11,254,112	113
Changes in equity share capital during the period	-	-
At September 30, 2025	11,254,112	113

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

(b) Other equity**
For the six months ended September 30, 2025 (Unaudited):

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures***	Items of Other Comprehensive Income (OCI)			Total equity
	Surplus in the statement of profit and loss	Securities premium reserve#		Exchange differences on translating the financial statements of foreign entities	Defined benefit plans (Refer note 38)	Effective portion of cash flow hedges (Refer note 33)	
At April 1, 2025	5,436	9,960	1,120	(4,316)	1	2,632	14,833
Profit for the year	128	-	-	-	-	-	128
Dividend paid	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	(937)	-	905	(32)
At September 30, 2025	5,564	9,960	1,120	(5,253)	1	3,537	14,929

For the year ended March 31, 2025 (Audited) :

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

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

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

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

Note:

(i) Surplus/ (deficit) in the statement of profit and loss are the profits of the Restricted Group - III incurred till date net of appropriations.

(ii) Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(iii) Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

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

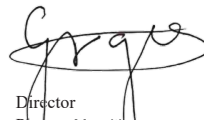
(v) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

See accompanying notes to the financial statements 1-15

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

For and on behalf of Restricted Group-III


 Director
 Place : Mauritius
 Date : 10 December 2025


 Director
 Place : Mauritius
 Date : 10 December 2025

Restricted Group- III

Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

1. General Information

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

The Company and 16 Indian subsidiaries (as listed below) of Azure Power India Private Limited (APIPL) form part of "Restricted Group- III". During financial year 2017-18, the Company had issued 5.50% US\$ 500 Million Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). APEL invested the proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") and External commercial borrowings ("ECBs") to replace existing Rupee and external debt of Restricted Group entities. Restricted entities are directly or indirectly under common control of the parent.

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

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

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2025	March 31, 2025	September 30, 2024
Azure Power Energy Limited	Bond Issuance	Mauritius	100%	100%	100%
Azure Power (Punjab) Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power (Haryana) Private Limited	Generation of Solar power	India	99.17%	99.17%	99.17%
Azure Urja Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Surya Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power (Karnataka) Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Photovoltaic Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Infrastructure Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power (Raj.) Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Green Tech Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Clean Energy Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Sunrise Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Sunshine Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Eris Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Mars Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Pluto Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Thirty Seven Private Limited	Generation of Solar power	India	99.84%	99.84%	99.84%

2. Purpose of the special purpose combined financial statements

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

3. Basis of preparation

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

The Special Purpose Unaudited Combined Financial Statements have been prepared in accordance with Ind AS 34, Interim Financial Reporting. The Special Purpose Unaudited Combined Financial Statements do not include all the information and disclosures required in the annual financial statements.

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

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

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

As per the Guidance Note on Combined and Carve Out Financial Statements, the procedure for preparing combined financial statements of the combining entities is the same as that for consolidated financial statements as per the applicable Indian Accounting Standards. Accordingly, when combined financial statements are prepared, intra-group transactions and profits or losses are eliminated. All the inter group transactions are undertaken on arms lengths basis. There is no allocation of expenses within the Restricted Group- III.

Restricted Group- III

Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

The non-controlling interest held by outsiders amount to INR 7 million and INR 6 million as of September 30, 2025 and March 31, 2025 respectively. Share capital and reserves disclosed in the combined financial statements are not the legal capital and reserves of the Restricted Group- III and is the aggregation of the share capital and reserves of the individual combining entities. Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

Accordingly, the procedures followed for the preparation of the special purpose combined financial statements:

- (a) Combined like items of assets, liabilities, equity, income, expenses and cash flows of the combining entities.
- (b) Eliminated in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the Restricted Group- III (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, are eliminated in full).

These special purpose unaudited combined financial statements may not be necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group- III that would have occurred if it had operated as a separate stand-alone group of entities during the period presented or the Restricted Group- III future performance.

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

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

Summary of significant accounting policies

4. The special purpose unaudited combined financial statements have been prepared in accordance with the accounting policies adopted in the Restricted Group- III last audited annual financial statements for the year ended March 31, 2025. The presentation of the Special purpose unaudited combined financial statements is consistent with the audited Combined Financial Statements for the year ended March 31, 2025.

5. During the year ended March 31, 2022, Azure Power Energy Limited (one of the subsidiaries of APGL) issued 3.575% US\$ denominated Senior Notes ("3.575% Senior Notes" or "Green Bonds") and raised INR 30,285 million, net of issuance expense of INR 408 million. The issuance expenses have been recorded as finance cost, using the effective interest rate method and the unamortized balance of such amounts is netted with the carrying value of the Green Bonds. The Green Bonds are listed on the Singapore Exchange Securities Trading Limited. In accordance with the terms of the issue, the proceeds were used for repayment of 5.5% Senior Notes. The Green Bonds are secured by a pledge of Azure Power Energy Limited's shares held by Azure Power Global Limited. The interest and principal on the 3.575% Senior Notes is payable on a semi-annual basis and the final maturity date is in August 2026.

6. The Company designates the derivative contracts for mitigating the foreign exchange fluctuation risk as a cash flow hedge. The changes in fair value of the derivatives are included in other comprehensive income to the extent the hedge continues to be effective. The related other comprehensive income amounts are allocated to the the Special Purpose Unaudited Combined Statements of Profit and Loss in the same period in which the hedged item affects net earnings. To the extent the change in fair value of the derivative financial instruments is not completely offset by the change in the fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in the Special Purpose Unaudited Combined Statement of Profit and Loss.

7. Contracts designated as Cash flow hedge

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

The Company documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested on a quarterly basis using dollar offset method. When the relationship between the hedged items and hedging instrument is highly effective at achieving offsetting changes in cashflows attributable to the hedged risk, the Company records in other comprehensive income the entire change in fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness. The gain or loss on the hedge contracts shall be reclassified to interest expense when the coupon payments and principal repayments are made on the related investments. The hedge contracts were effective as of September 30, 2025.

Ind AS 109, Financial Instruments, permits recording the cost of hedge over the period of contract based on the effective interest rate method. The Restricted Group- III determined the cost of hedge at the time of inception of the contract was INR 3,549 million and recorded an expense of INR 289 million and INR 355 million during the six-months ended September 30, 2025 and September 30, 2024 respectively.

The following table presents outstanding notional amount and balance sheet location information related to foreign exchange derivative contracts as of September 30, 2025 and March 31, 2025:

	Foreign currency option contracts	
	As at September 30, 2025 (Unaudited)	As at March 31, 2025 (Audited)
Notional Amount (USD in millions)	404	437
Current- Other financial assets (INR in millions)	4,419	4,243
Current -Other financial liabilities (INR in millions)	795	1,513

Restricted Group- III**Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025**

(All amount in INR millions, unless otherwise stated)

8. Fair values

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

	Carrying value		Fair value	
	As at	As at	As at	As at
	September 30, 2025	March 31, 2025	September 30, 2025	March 31, 2025
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets at amortised cost				
Non-current trade receivables	-	4	-	4
Non-current security deposits	7	7	7	7
Performance bank guarantee receivable	12	12	12	12
Non-current loans to parent company (including interest accrued)	8,744	8,415	8,744	8,415
Non-current loans to fellow subsidiaries (including interest accrued)	651	624	651	624
Non-current term deposits	5	6	5	6
Financial assets at fair value				
Derivative instruments at fair value through OCI*	4,419	4,243	4,419	4,243
Total	13,838	13,311	13,838	13,311
Financial liabilities at amortised cost				
3.575% Senior Notes (including current maturities & interest accrued)**	24,719	25,030	23,905	23,791
Loans from parent company **	211	120	211	120
Financial liabilities at fair value				
Derivative instruments at fair value through OCI*	795	1,513	795	1,513
Total	25,725	26,663	24,911	25,424

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

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

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

Measured at fair value:

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

At amortised cost:

**The fair values of the interest-bearing borrowings and loans of Restricted Group are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at September 30, 2025 was assessed to be insignificant.

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Restricted Group- III

Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

9. Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at September 30, 2025 (Unaudited):

Carrying Value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortised cost			
Non-current security deposits	7	-	7
Performance bank guarantee receivable	12	-	12
Non-current loans to parent company (including interest accrued)	8,744	-	8,744
Non-current loans to fellow subsidiaries (including interest accrued)	651	-	651
Non-current term deposits	5	-	5
Financial assets measured at fair value			
Derivative instruments at fair value through OCI	4,419	-	4,419

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

Quantitative disclosures fair value measurement hierarchy for liabilities as at September 30, 2025 (Unaudited):

Carrying Value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at amortised cost			
3.575% Senior Notes (including current maturities & interest accrued)	24,719	-	23,905
Loans from parent company	211	-	211
Financial liabilities at fair value			
Derivative instruments at fair value through OCI	795	-	795

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

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

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

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

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

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

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

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

Restricted Group- III

Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

10. Segment information

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

11. Whistle blower complaint

As the Restricted Group III has previously disclosed, the Parent Company and its consolidated subsidiaries (the "Group") received whistleblower complaints and initiated internal investigations headed by the Audit and Risk Committee of the Parent Company (the "ARC Investigation") and a Special Committee of Board of Directors of the Parent Company established in August 2022 (the "Special Committee Investigation"). None of those allegations pertain to the Restricted Group and therefore no adjustment was required to be made in the books on account. At the direction of the Board of Directors of the Parent Company, external counsel for the committees initiated a voluntary self-disclosure on behalf of the Parent Company to the U.S. Department of Justice and the U.S. Securities and Exchange Commission (the "U.S. Government"). The Parent Company continues to cooperate with the U.S. Government's investigations. The ARC Investigation was concluded in the financial year 2023-24. The Special Committee Investigation, which is substantially complete, identified evidence that individuals formerly affiliated with the Group may have had knowledge of, or were involved in, an apparent scheme with persons outside the Group to make improper payments in relation to certain projects. To date, the Special Committee has not identified related improper payments or transfers by the Group. The Special Committee's review and its findings have impacted the decision-making of the Group in connection with such projects.

Further Management of the Group, under the supervision of the Parent Company's Audit and Risk Committee, initiated remediation actions focused on improving the Group's internal control and compliance environment to address the control deficiencies that led to ineffectiveness in earlier years. Management has taken support from external consultants while performing this remediation exercise. These efforts include strengthening our internal control framework, testing operational controls, training of team members and periodic monitoring by the Parent Company's Audit and Risk Committee of the effectiveness of the remedial efforts and overall reporting framework. The internal controls over financial reporting of the Group were effective during the year ended March 31, 2025.

12. Compounding application

As per the provision of the Companies Act, 2013, a company is required to convene the Annual General Meeting ("AGM") for adoption of its annual audited financial statements within the six months from the end of each financial year, i.e. September 30 ("Due Date"). The Registrar of Companies ("ROC") granted three months extensions to the Company to hold the AGMs for financial year 2021-22 and 2022-23 on or before December 31, 2022, and December 31, 2023, respectively. Considering the delay in closure of audit due to the then ongoing investigations, the AGM for financial year 2021-22 and 2022-23 were held in February 2024 and May 2024 & June 2024 respectively, i.e. after the extension granted by ROC.

The respective Companies has successfully filed the compounding application with the ROC in December 2024. As of the reporting date, the application is pending for disposal and the Management believes that the financial impact of the same is not material.

13. Great Indian Bustard ("GIB") Public interest litigation ("PIL")

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 Ministry of new and renewable energy ("MNRE"), Ministry of Power ("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. The Judgment in this matter has been reserved and awaiting the final order.

14. Consent Solicitation and Tender Offers

During August 2021, the Azure Power Energy Ltd ("APEL") issued 3.575% Senior Notes ("3.575% Senior Notes" or "Green Bonds") and raised US\$ 414,000,000. The Green Bonds are listed on the Singapore Exchange Securities Trading Limited. In accordance with the terms of the issue, the proceeds were used for repayment of 5.5% Senior Notes. The interest on the 3.575% Senior Notes is payable on a semi-annual basis and the principal amount is payable in 10 instalments starting from February 2022.

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

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

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

15. Previous period figures have been regrouped/ rearranged wherever considered material and necessary to conform to the current period presentation.

Restricted Group- III

Notes to special purpose unaudited combined financial Statements for the six months ended September 30, 2025

(All amount in INR millions, unless otherwise stated)

Discussion on results of operations

Revenue from operations

Operating revenue for the six-months period ended September 30, 2025 was INR 2,789 million, a decrease of INR 32 million or 1% from INR 2,821 million reported over the same period in 2024. The decrease was primarily on account of lower generation due to higher irradiation losses.

Other income

Other income for the six-months period ended September 30, 2025 was INR 150 million, an increase of INR 84 million or 127% from INR 66 million reported over the same period in 2024. The increase was primarily on account of increase in receipt of insurance claim by INR 67 million and receipt of late payment surcharge income by INR 43 million which is partially offset by decrease in provision/ liabilities written back by INR 26 million.

Operating expenses (exclusive of depreciation and amortization)

Operating expenses for the six-months period ended September 30, 2025 was INR 405 million, an increase of INR 8 million or 2% from INR 397 million reported over the same period in 2024. The increase was primarily on account of increase in repair and maintenance, management fees and legal and professional fees by INR 50 million, INR 8 million and INR 6 million respectively, which is partially offset by decrease in asset written off and employee benefit expense by INR 51 million and 4 million respectively.

Depreciation and amortization expense

Depreciation and amortization expense for the six-months period ended September 30, 2025 was INR 518 million, a decrease of INR 3 million or 1% from INR 521 million reported over the same period in 2024.

Interest income

Interest income for the six-months ended September 30, 2025 was INR 473 million, a decrease of INR 22 million or 4% from INR 495 million reported over the same period in 2024. The decrease was primarily on account of decrease in interest income on loans to related parties of INR 28 million due to repayments and decrease in interest income from trade receivables of INR 7 million, which is partially offset by increase in interest income from term deposit of INR 13 million.

Finance costs

Finance costs for the six-months period ended September 30, 2025 was INR 1,006 million, a decrease of INR 157 million or 13% from INR 1,163 million reported over the same period in 2024. The decrease was primarily due to decrease in interest expense by INR 124 Mn due to repayment of 3.575% Senior Notes and goods and service tax on consent fees paid in previous period of INR 44 million.

Tax expenses

Income tax expense for the six months period ended September 30, 2025 was INR 1,355 million, an increase of INR 625 million or 86% from INR 730 million reported over the same period in 2024. The increase was primarily due to higher deferred tax expense resulting from movements in the carrying amounts of certain assets and liabilities relative to their tax bases.

Net profit after tax

Net profit after tax for the six months period ended September 30, 2025 was INR 128 million, a decrease of INR 443 million or 78%, from INR 571 million reported over the same period in 2024. Decrease in profit was primarily on account of increase in tax expense, decrease in revenue and decrease in interest income, which is partially offset by increase in other income and decrease in finance cost.

Liquidity and capital resources

Cash flows from operating activities

Cash generated from operating activities for the six-months period ended September 30, 2025 was INR 4,675 million, an increase of INR 2740 million or 142%, from INR 1,935 million reported over the same period in 2024. The increase was primarily on account of increase in inflow from trade receivables by INR 1,892 million and from other financial assets by INR 964 million in six-months period ended September 30, 2025 as compared to the same period in 2024.

Cash flows from investing activities

Cash flow from investing activities for the six-months period ended September 30, 2025 was INR 310 million, a decrease of INR 1,439 million or 82%, from INR 1,749 million reported over the same period in 2024. The decrease was primarily due to net reduction in proceeds from term deposits with banks and decrease in receipt of loans given to parent company/ fellow subsidiaries during the current period.

Cash flows used in financing activities

Cash flow used in financing activities for the six-months period ended September 30, 2025 was INR 1,841 million, a decrease of INR 2,014 million or 52%, from INR 3,855 million reported over the same period in 2024. The decrease was primarily due to decrease in the repayment of Senior notes by INR 558 million, decrease in dividend payment by INR 1,089 million, decrease in interest payment by INR 125 million and decrease in payment for hedging arrangement by INR 117 million.

Liquidity position

As of September 30, 2025, Restricted Group - III had INR 3,976 million of cash and cash equivalents and other bank balances.

Combined earnings before interest, tax, depreciation and amortization (EBITDA)

Combined EBITDA of Restricted Group-III for the six months period ended September 30, 2025 was INR 2,534 million, a decrease of INR 44 million or 2%, from INR 2,490 million reported over the same period in 2024. The increase was primarily due to the increase in other income by INR 84 million partially offset by decrease in revenue from operation by INR 32 million and increase in operating expenses during current period by INR 12 million.

Subsequent events

The Company/ Restricted Group-III evaluated all other events or transactions that occurred after September 30, 2025. Based on this evaluation, the Company/ Restricted Group-III is not aware of any event or transactions that would require recognition or disclosure in the Special Purpose Unaudited Combined Financial Statements.