

Azure Power India Private Limited (Revised)
Credit update-Azure Group
November 22, 2024

Updates

On November 20, 2024, The United States Department of Justice (DoJ) have issued an indictment charging Mr. Ranjit Gupta and Mr. Rupesh Agarwal who both were ex-employees of the Azure group and three ex-employees (Mr. Cyril Cabanes, Mr. Saurabh Agarwal & Mr. Deepak Malhotra) of Caisse de Depot Et Placement du Quebec (CDPQ) which is the largest shareholder of Azure Power India Pvt Ltd. The indictment charges them with a conspiracy to violate the Foreign Corrupt Practices Act (FCPA) in connection with a bribery scheme involving solar energy project in India. The indictment alleges executives mentioned above were involved in an apparent scheme to bribe Indian Government officials to obtain lucrative solar energy supply contracts with state owned discoms. In response, the Azure group has issued a press release on November 21, 2024, clarifying that the employees named in the indictment are no longer associated with the Group for over a year. It further stated that the indictment is directed at the individuals, not the group.

CARE Ratings is unable to determine whether the charges levied against the individuals are related to the period during which they were employed. Any negative outcome could affect the group's financial flexibility and ability to raise fresh funds. CARE Ratings however notes that the group has no significant capital expenditure plans, which eliminates the need for substantial debt in the very near term.

CARE Ratings also notes that at the consolidated level, the group has an outstanding debt of Rs. 11,300 crore as of September 30, 2024. Of this total debt, ~Rs. 10,700 pertains to project level debt. Of this amount around ~Rs. 2400 crore are due for repayment in August 2026. This apart, the remaining debt of ~Rs. 600 crore, which is in the holdco namely Azure Power India Private Limited, with Rs. 350 crore due for repayment in November 2025. The group has also utilised working capital borrowings to the tune of USD 45 million which are scheduled for repayment over the next three years. However, as confirmed by the senior management, the group has a liquidity of ~Rs. 1,900 crore. Furthermore, there is no significant refinancing requirements at the group level. Despite this, the group's financial flexibility may get impacted in the near term and any prolonged adverse impact on financial flexibility due to indictment is key rating sensitivity. According to senior management of Azure group, they do not anticipate any challenges in routine operations of the group.

CARE Ratings will continue to closely monitor the way the events unfold in the near term and assess the impact thereof on the business and financial performance of the underlying entities. Additionally, impact on the fund-raising capabilities -both equity as well as debt; consequent leverage levels, government or regulatory action, and debt covenants of Azure group borrowings in light of the aforesaid developments will also be closely monitored.

Please refer to the following links for the previous detailed rationale that captures key rating drivers and rating sensitivities of following companies:

Sr. No.	Entity Name	Link to press release
1.	Azure Power (Rajasthan) Private Limited	Click here
2.	Azure Power Forty Private Limited	Click here
3.	Azure Power Jupiter Private Limited	Click here
4.	Azure Solar Private Limited	Click here
5.	Azure Power Makemake Pvt. Ltd.	Click here
6.	Azure Power Uranus Pvt. Ltd.	Click here
7.	Azure Power Venus Pvt. Ltd.	Click here
8.	Azure Power Thirty Six Pvt. Ltd.	Click here
9.	Azure Power Thirty Three Pvt Ltd	Click here
10.	Azure Power Earth Pvt Ltd	Click here
11.	Azure Power Thirty Four Pvt Ltd	Click here

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