# Azure Power

## Fiscal Q3 2019 Earnings Conference Call

## Wednesday, February 13, 2019 at 8:30 a.m. Eastern

**CORPORATE PARTICIPANTS**

**Nathan Judge** - *Investor Relations*

**Inderpreet Wadhwa** - *Founder, Chairman and Chief Executive Officer*

**Sushil Bhagat** - *Chief Financial Officer*

**PRESENTATION**

**Operator**
Good morning, and welcome to the Azure Power Fiscal Third Quarter 2019 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your touchtone phone. To withdraw your question, please press star, then two. Please note, today's event is being recorded.

I would now like to turn the conference over to Nathan Judge, Investor Relations. Please go ahead, sir.

**Nathan Judge**
Thank you, and good morning, everyone, and thank you for joining us. After last night's close, the company issued a press release announcing its financial results for the third fiscal quarter of 2019 ended December 31, 2018. A copy of the press release and the presentation are available on the Investors section of Azure Power's website at azurepower.com.

With me today are Inderpreet Singh Wadhwa, Founder, Chairman and Chief Executive Officer, and Sushil Bhagat, Chief Financial Officer. Inderpreet will provide a business update, and Sushil will discuss our fiscal third quarter financial performance. Inderpreet will finish our prepared remarks by reiterating our fiscal 2019 guidance and providing fiscal 2020 outlook. After this, we will open up the call for questions.

Please note, our Safe Harbor statements are contained within our press release presentation materials and available on our website. These statements are important and integral to all our remarks. There are risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements. So, we encourage you to review the press release we furnished in our Form 6-K and presentation on our website for a more complete description.

Also contained in our press release and presentation materials are certain non-GAAP measures that we reconcile to the most comparable GAAP measures, and these reconciliations are also available on our website and in the press release and presentation materials.

It is now my pleasure to hand it over to Inderpreet Singh Wadhwa, Founder, Chairman, and Chief Executive Officer.

**Inderpreet Wadhwa**
Thank you, Nathan, and a very good morning, everyone. I am pleased to report that our fiscal third quarter is yet our best quarter ever. We have delivered results well ahead of expectations. Our revenues in local currency terms were significantly above our expectations as we are constructing facilities in record time, well ahead of contract deadlines.

Our 1.9 gigawatt pipeline has a tariff which is 18% above the lowest bid in the Indian solar market at a time when solar panel prices have plummeted over 40%, thus giving us returns much higher than our hurdle rates. We are setting new benchmarks for lowering costs and our interest expense continues to be less than originally planned. We were profitable this quarter and now expect that we will be profitable on a full year basis this year, excluding any foreign currency exchange fluctuations.

We have eliminated the contract risk as every project in our pipeline has a contract in hand and most have already secured critical interconnection approvals that should allow us to build projects ahead of schedules. We have approximately over $330 million of cash on the balance sheet that, when coupled with long-term project finance options, will provide us adequate liquidity to complete every project in our pipeline. This is during a time when the macroeconomic environment has seen some turbulence, although the outlook is improving.

On every operational metric, we are doing extremely well. However, we are disappointed that the share price is not reflective of our strong operations and high rate of return on operational and under construction projects. We will continue to evaluate and pursue options that will create long-term shareholder value, strong operational cash flows, and drive the share price closer towards our fair value. We will remain highly disciplined and will always pursue the highest returns for our shareholders.

Slide 4 summarizes our mission and core values, which are critical to our long-term success. Our mission continues to be, to be the lowest cost power producer in the world. This is again not the same as having the lowest selling price of power in the world. Core to our culture as a company are four core values: excellence, honesty, social responsibility, and entrepreneurship, and we strive to operate every one of these values in everything we do.

The business continues to perform well. The portfolio of 3,059 megawatts is a leading solar portfolio in India with fixed price contracts for 25 years with one of the most diverse and strongest counterparty profiles in the Indian solar market.

We are pleased with the performance in the third fiscal quarter that has exceeded our internal plans. The portfolio is nearly double from this time last year. Our balance sheet is the strongest it has ever been and to complete the pipeline of contracted assets we do not anticipate a need to access public equity markets.

For the first time ever in India, we were able to create the first financing warehouse of $135 million for our Rooftop projects. The structure should bring numerous benefits including accelerating completion timelines for future Rooftop projects and create a strong differentiator for Azure in the market.

The financing backdrop continues to improve as well. The yield on our green bond has tightened approximately 80 basis points since fiscal second quarter 2019 and currently stands at about 5.8%. We have begun to see a more accommodative monetary policy in India, as well. The Reserve Bank of India reduced the REPO rate by 25 basis points, the first cut in almost 17 months. In addition, they adopted a neutral policy stance from calibrating tightening. This will bode well with regards to us raising additional debt for projects in the pipeline.

On construction front, we continue to set new standards of excellence with completion of 95 megawatts of our projects in Gujarat almost five months ahead of schedule, which we believe is the fastest time to finish a large utility-scale project anywhere in the world. Several other projects under construction are generally ahead of schedule, which could lead to a strong first quarter fiscal for FY 2020.

Since the IPO, we brought down our cost of operations, G&A, and interest expense significantly. The issuance of the fixed-rate green bond is paying dividends during a rising rate environment and this has led to EBITDA margin expansion and an EPS of $0.05 per share this quarter. And we expect to be profitable for this year as well barring any fluctuations in the foreign exchange rates. This to us is a milestone and a record of our efforts to increase revenues, while at the same time containing our costs to deliver profitable results.

As we look back at 2018, we wanted to share with you some accomplishments that provide shareholders superior returns on projects, where we are able to develop land much cheaper than government solar parks, thus leading to higher returns. So, 84% of our pipeline is located outside solar parks. We have secured an industry-leading interconnection approvals of 1.3 gigawatts with Central Grid Transmission Authority ahead of schedule. With land and interconnection in place before project financing, we expect to negotiate better financing rates and tighter spreads with our lenders.

Our project costs are down year-on-year as we are able to deliver continued productivity enhancements since inception, our balance of system costs, which are costs we have direct control over, have declined by 86%. Our excellence continues through to operations as we pioneer new ways of reducing operating costs. Our DC plant load factor continue to be among the highest in the Indian solar industry.

We have doubled our committed pipeline year-over-year to 1.9 gigawatts; 85% of those projects are with very strong credit off-takers rated A to AAA domestically, and almost 64% of our contracts in the pipeline are with Government of India sovereign entities, which give us the highest possible credit in India for infrastructure projects.

These projects have a blended tariff, which is 18% above the lowest rate in the market, which illustrates our ability to consistently add additional value for shareholders through disciplined and value-accretive bidding strategies. Every project in our portfolio now has a letter of award in place, which we believe eliminates the contracting risk of our portfolio and improves visibility for our shareholders.

We continue to make good progress with our Rooftop business, which focuses on the large-scale government commercial and industrial customers. Azure Roof Power now has 86 megawatts under operations, up 160% from last year. Our Rooftop portfolio stands at about 211 megawatts, which we believe is one of the largest in India and our Rooftop pipeline has a weighted average tariff of almost 100% higher than the lowest solar power bid in the market. The scale and breadth of operations in this business is impressive with construction occurring on over 2,000 roofs across the country simultaneously and our newly created financing warehouse of $135 million, the first of its kind in India, provides us with even greater differentiation to our competitors and should speed the construction timeframe for new projects.

All ground-mount projects under construction remain on time and on budget with several projects running ahead of schedule. Our decade-long experience in the Indian solar market is paying off. As an example of that is our project in Gujarat where we have a wealth of experience and brought 95 megawatts online, what we believe to be a record time for a large utility scale project for any company.

Our 100 megawatt project in Karnataka, 200 megawatt project in Rajasthan are in advance stages of construction and ahead of schedule, and this would lead to a strong fiscal first quarter in 2020. This would not be possible without our integrated business model and our culture of excellence.

As outlined in our mission statement, environmental, social and governance principles are core to our business. As one of the largest solar companies in India, we are helping to offset the worsening air quality throughout the country. Already through our operating projects, we have avoided almost 3 million tons of carbon avoidance, which is equivalent to planting almost 40 million trees. We have reduced our water consumption by over 40% this year through innovative patent pending operating techniques. We stride to enrich and enhance the quality of life in villages where we operate. We have built water purification facilities that give access to clean drinking water to over 60,000 people. We have constructed and donated infrastructure for schools and have created almost 4,000 jobs in 2018. Our governance is strong, in line with some of the most strenuous requirements globally, and our HR policy is in line with the World Bank Equator Principles.

Looking at the industry and regulatory news, solar continues to be the lowest-cost source of electricity in India and the preferred new source of supply. Last year, 54% of all new capacity additions were solar. And if you look over the past two years, solar capacity additions have risen almost 318% compared to 37% for wind, and a decline of 87% for coal. In fact, a recent report from S&P Global highlighted that approximately 50,000 megawatts of coal-powered projects may be canceled in the coming months. Currently, there are 25 gigawatts roughly operational for solar projects, another 17 gigawatts under development. We are actively tracking about 38 gigawatts of auctions in process this financial year. And we expect additional wins given our strong development expertise and access to capital. We do want to stress that we will remain disciplined and only invest if the returns are above our cost of capital.

On the regulatory front, there have been some positive developments recently. In Assam, where we are building the largest solar park in the northeast portion of India, has adopted new land development policies conducive for solar project development, also regulations regarding the Rooftop access continue to evolve and recently the size of projects that qualify for net metering was increased to 2 megawatts, up from 1 megawatt, which should enhance the potential market opportunity for this fast-growing business for us.

On the GST front, the regulator has approved the pass through of GST taxes for various projects through the industry, including some of ours. And we continue to expect that our projects have strong change in law protections that will help us manage any change in such provisions and we do not expect any material impact for the business on this front.

With that, I would like to pass the call over to our CFO, Mr. Sushil Bhagat, who will review our third fiscal quarter performance. Over to you, Sushil.

**Sushil Bhagat**
Thank you, Inderpreet. Turning to our fiscal third quarter of 2019 performance, we continue to record strong growth with a number of operating and committed megawatts increasing to 3,059, or 94% from the prior year fiscal third quarter. We also had 1,169 megawatts in operation as of fiscal third quarter 2019, or about 45% more than what we had at fiscal third quarter of 2018.

Our fiscal third quarter 2019 revenue was $34.9 million, which was a 40% increase from the prior period. The G&A expenses increased only 6% compared to 40% increase in revenues as we captured economies of scale of our platforms, while EBITDA rose 20% year-on-year.

During the quarter, we changed our SG&A towards useful life for many of our utility scale projects, based on various technical evaluations and tests. We now estimate that our solar modules will continue to generate power for at least 35 years at high efficiency levels and have concluded that most of our utility scale projects will continue to have useful life of at least 35 years, up from 25 previously.

Our interest expense during the quarter was about $16 million, which compared to the last year, it was about flat, with quite significantly more megawatts added, reflecting lower realized interest rates.

On our balance sheet, cash and equivalence ended the quarter at $251 million, which includes the cash raised during our follow-on in October. The property, plant, and equipment increased to about $1 million, a 24% increase from the prior comparable period and as we brought new facilities online.

Net debt was $721 million as of December 31, 2018. Our balance sheet remains very strong. At the end of the quarter, we had $612 million of liquidity, which included $330 million of cash, $178 million of undrawn project debt facilities, and $104 million of working capital that we didn't draw on.

I will now pass it over to Inderpreet to discuss guidance.

**Inderpreet Wadhwa**
Thank you, Sushil. With regards to our guidance, we continue to reiterate our guidance for FY 2019 and continue to expect to have between 1,300 to 1,400 megawatts operational by March 31, 2019. We expect that revenues in Indian rupee terms will meet or exceed our original expectations. However, as our results are converted into US dollars for the convenience of the reader, we expect US dollar revenue guidance for the year ending March 31, 2019, to be at the lower end of the guidance range. The Indian rupee has depreciated 9% from INR 63.83 to INR 69.58 for every US dollar since our original guidance.

With the robust pipeline and strong execution capabilities, we expect to continue to deliver high growth in the next fiscal year ended March 31, 2020. For the fiscal year ending March 31, 2020, the company expects to have 1,800 to 1,900 megawatts operational. In addition, the company expects revenues to be between INR 12.8 billion and INR 13.4 billion, which at the December 31, 2018, exchange rate of 69.58 for every US dollar, or $184 million to $192 million.

With this, we will be happy to take questions.

**QUESTIONS AND ANSWERS**

**Operator**
Thank you. We will now begin the question-and-answer session. To ask a question, you may press star, then one on your touchtone phone. If you're using a speakerphone, we ask that you please pick up your handset before pressing the keys. To withdraw your question, please press star, then two.

Today's first question comes from Philip Shen of Roth Capital Partners. Please go ahead.

**Philip Shen**
Hi, everyone. Thanks for the questions. First question is on your guidance for fiscal 2020. I think it implies about 400 to 600 megawatts of installations in FY 2020. This compares, we believe, with your 890 megawatts of CODs that you had previously expecting for that timeframe. Can you talk about why the guidance might be a bit lower than the COD dates and how much conservatism might be built in there? Thanks.

**Inderpreet Wadhwa**
I think, what we've seen is the contracting time for some of the projects from winning the auction to getting a letter of award to getting into a PPA is going a little bit longer than what it used to be and which is alright, because capacity of the projects or the size of the project should also substantially increase in the market. We used to have a 100 megawatt project or a 50 megawatt project, and now we are talking about 300 megawatt and 600 megawatt. So, that is accounted for, and if you recall what we do in our next year's schedule for completion of these projects is based on the estimates of when we believe all these contracts would be in place, and we continue to update every quarter as we make progress from winning the auction to getting an LOA to getting a PPA in place.

So, largely it's the reflection of that. We also believe that we will have an opportunity to pull in some of these projects earlier, because as we have seen this year on some of the projects in Gujarat we've done earlier, but that would be a decision and a trade-off we will have to make from a cost benefit standpoint. If we expect the cost of technology or the efficiency of technology that is better in the following fiscal year, we may continue with the plan as per the contracted commissioning of these projects. And if we don't feel there's a significant benefit of doing so, we may pull some of those projects in. But, we are quite confident of achieving the numbers that we put forward.

**Philip Shen**
Great. Thanks, Inderpreet. Shifting over to the PLF for FQ3, we estimate that you guys came in with an 18.2% PLF. I think your year ago period was 15.8%. Are we in the right ballpark with our calculations? If not, maybe help us understand what the number is in the quarter.

And then, can you talk, if we are in the right ballpark, can you talk about what drove the year-over-year improvements? And what it might be due to? Was it weather conditions, increasing overloading, higher efficiency modules, etc.? Thanks.

**Inderpreet Wadhwa**
Yes, so I think, quarter-over-quarter definitely the numbers are clear, and as you know we don't break out the PLF for the quarter. There is a certain amount of estimation there. But what is a more meaningful number is the annual number that we published and that number is largely going to be higher on account of two factors. One is, our solar projects are coming online in high installation areas of Gujarat and Rajasthan and Karnataka and we are now doing additional overloading on these projects because of the technology improvements. So those are two reasons for the increase in the plant load factors.

**Philip Shen**
Okay. And then, looking ahead for the rest of this calendar year, should we continue to expect the PLF to be a little bit better than expected?

**Inderpreet Wadhwa**
You should expect the PLF better than the last fiscal year or full fiscal year. In this full fiscal we will bring it up, over the next quarter you will actually get the annual numbers as well. And again, we expect them higher for precisely the two reasons we mentioned to you.

**Philip Shen**
Okay. Thanks, Inderpreet. On the call, I think you guys talked about 38 gigawatts of auctions that you guys have line of sight to. I think in the prior quarter that number was 24 gigawatts, a year to two years. Can you just give us more detail on the upcoming auctions? How many or what percentage of that you might be expecting to bid into? And we have your history of win rates but any update on what you expect in terms of win rates on the 38 gigawatts would be great. Thanks.

**Inderpreet Wadhwa**
Yes. We generally don't forecast that information for competitive reasons, which ones we will participate and conversion rates and stuff, but what we said in the past, and I'd reiterate that today is that we will generally grow in line with the market. And, a more important aspect of our growth is discipline and returns are above the cost of our capital. So, not just for the sake of market share we will win projects. So we will be very cautious and in fact, we believe that we are in a very strong position for execution and capital in the market compared to many peers in the industry that should give us an opportunity to win projects at much better hurdle rates, and we will be very selective in which contracts we take.

**Philip Shen**
Okay. Great. I think I'll pass it on. Thanks, Inderpreet.

**Inderpreet Wadhwa**
Thanks, Phil.

**Operator**
And our next question comes from Joseph Osha of JMP. Please go ahead.

**Joseph Osha**
Okay, good morning, everyone, good afternoon as the case may be. I wanted to return to your comment about the green bond and the spread that had tightened there. What does that imply for your future thoughts about funding? Because you said you're also getting better spreads from your domestic lenders, which route might we see you take going forward?

**Inderpreet Wadhwa**
Yes, I think we will continue to be a mix of project finance and bonds and the process we follow there is, once the assets are built and as they mature and markets are receptive, we will issue green bonds. And when the projects are in development, under construction, we will tap local project finance or construction finance options. And all of these will be somewhat driven by the external market conditions and the rates, which we can negotiate and the spreads we can negotiate with these counterparties.

But the good news is that we are probably the most diversified in terms of both domestic project finance lenders, overseas project finance lenders, as well as public execution of capital from the green bond market. So we will evaluate all of these options project by project and continue to do which is the most cost-effective strategy for the business, and as we're seeing the results of that in this quarter and next quarter that our finance costs or our interest costs continue to show a downward trend even when there is turbulence at the macro level.

**Joseph Osha**
With that, I guess that, kind of, to be clear then we might actually see you back in the green bond market again and your sense is that even with the turbulence you refer to and the fact that I'm going to assume that hedging that out back to rupee is going to be more expensive than it was, that that's still a viable option for you guys.

**Inderpreet Wadhwa**
So, we will, of course, pursue the most effective option, and I presume your question relates to refinancing of the green bond.

**Joseph Osha**
Yes.

**Inderpreet Wadhwa**
And when that comes out and when we still have a ways out, 2022, I believe and we will continue to lend with both rupee and dollar options and even when we do our financing in dollar, you know we don't keep it open we hedge it out. So whichever way we go, we will pick the most cost-effective option for the company.

And my thesis on that has always been, when you have an asset which has been running for six, seven, eight years, the risk on that asset is fairly negligible from an operation standpoint, and we should be able to negotiate very effective and tight spreads on those financings down the road.

**Joseph Osha**
Okay. But to be clear, you're not contemplating at this point a situation where some of the projects that you got the green bond on, you would end up with amortizing debt, you believe you can refinance?

**Inderpreet Wadhwa**
We are not contemplating moving our green bond into amortizing debt at this point.

**Joseph Osha**
Okay. All right. Thank you. Shifting gears, it's an election year, don't know when yet, but, yes, typically, you get into these election cycles and there's a lot of talk about rural electrification and the policy proposals and stuff like this. I'm wondering how you all see this year and how the political environment might reflect on your business.

**Inderpreet Wadhwa**
Yes. So, the good news for solar is that it is not relying on any subsidy from the government anymore and it is the cheapest source of energy. And in election years, it's extremely important for the government to demonstrate the development of the infrastructure side, and they have to ensure availability of power. They have to ensure cost-effective availability of power and that's where you would continue to see a lot more development of solar in the market.

And we believe that post-election, if the government changes, the opposition is also a strong believer of solar. In fact, the National Solar Mission was set up in the year 2010 under a different government's regime and the new government accelerated from 20,000 megawatts to 100,000 megawatt goal for solar energy, so whichever way we look at it we see a net positive for solar in this election year.

Having said that, during the time of the election of course, there won't be a lot of bidding activity so we may expect some of these bids either to happen prior or post the election. So there might be a little bit lumpiness in the allocation of new projects, which is typical of an election year.

**Joseph Osha**
Yes, that makes sense. And final question from me just on the current projects and your rate of overbuild, I believe, Phil talked a little bit about this as well, how you're thinking about the economics of overbuild a bit and how far you might go with that in terms of how that affects your capacity back on new projects.

**Inderpreet Wadhwa**
Yes, I think that the new projects that [audio disruption] difference we have seen [audio disruption] on the new designs in terms of plant load factor. But we have to realize that the portfolio is operating at 18%, 19%. And so unless all of the new builds is up and running for the full financial year, you will not see that significant uptick on the plant load factors for the entire portfolio. It will be an incremental movement as these projects come online.

**Joseph Osha**
Okay. So to be clear, new projects, you were breaking up a bit there, I heard, high 20s and that high 20s would include an overbuilt, correct?

**Inderpreet Wadhwa**
That's correct.

**Joseph Osha**
Okay. All right. Thanks a lot. I'll turn it back to someone else.

**Inderpreet Wadhwa**
Thank you.

**Operator**
And our next question today comes from Maheep Mandloi of Credit Suisse. Please go ahead.

**Maheep Mandloi**
Hi, thanks for taking my question. With regards to the import status on modules in India, which expires around mid-2020, are you seeing any impact on either project completions or new auction activity in the market right now?

**Inderpreet Wadhwa**
Not at all, Maheep. In fact, the new projects have roughly two years build. So if you bid for a project today, it takes somewhere between 60 to 90 days to get a contract and then your clock starts from there. So, that means, most of the module procurement will actually happen after the duty period. So, we don't see any significant impact on new auctions on that front.

**Maheep Mandloi**
Got that. And just on the module availability of module pricing, could you just talk about whether you are seeing any tightening in the market or probably stabilizing prices or rising prices in the market? And specifically, for the 1.9 gigawatts under construction, how many megawatts have you already procured and how many you still need to? Thanks.

**Inderpreet Wadhwa**
I'd say, as I talk about the current portfolio, we probably have like contracted 1.6, 1.7 gigawatts of the 3 gigawatts. So, we have about 1.3 GWs open and left to contract. So that's in terms of the break up.

And then, in terms of the pricing, we continue to do every new contract at a lower value than the previous contract. While there is talk of pricestabilization and stuff, we still feel there's a big gap between supply and demand. There may be an instance where one supplier may not be able to fill the entire capacity themselves and we spread it across couple of suppliers. So we have not seen any increase in pricing from the contracts we've done in the last quarter.

**Maheep Mandloi**
Sorry, you were breaking up earlier. So that's around 1.6 gigawatts procured, right, of the 3 gigawatts that's what you said?

**Inderpreet Wadhwa**
Yes, about 1.6 to 1.7 is closed, and about 1.3 GWs open. And we don't expect any increase in pricing and we are able to negotiate contracts, I think lower prices than what we've done in the past.

**Maheep Mandloi**
Awesome. And just one last question from me. On the G&A side, could you just talk about directionally, as a percentage of revenues or dollar terms, how should we think about it for next year?

**Inderpreet Wadhwa**
Yes, I think the percentage of revenue that you see for the last 12 months is a good benchmark and you just adjust it for inflation is what I would guide to.

**Maheep Mandloi**
Okay. Thanks a lot.

**Inderpreet Wadhwa**
Thanks, Maheep.

**Operator**
And our next question today comes from Moses Sutton of Barclays. Please go ahead.

**Moses Sutton**
Thanks for taking my question. Congrats on a strong quarter. Can you update on forward CapEx expectations on a dollar per watt basis? I think last you said it was around $0.80, $0.82. And also, just note if that's including the DC AC overloading of around 50%?

**Inderpreet Wadhwa**
Yes, so, Moses, I think, we don't give forward-looking numbers on CapEx. So, what we will say in our financials for this quarter, they were at about at mid $0.64 on this quarter and we expect something … sorry?

**Moses Sutton**
For the trailing nine months?

**Inderpreet Wadhwa**
No, this is just for the quarter, the $0.64.

**Moses Sutton**
And—

**Inderpreet Wadhwa**
And then, we actually are increasing our overbuild or overloading on these projects so there might be some effect of that in the following quarters. But at the same time, we are continuing to reduce our total build cost so I think that's a good way to look at where we are at now.

**Moses Sutton**
Got it. And regarding the depreciation change, to 35 years from 25, anything in particular you could

add, any additional color there? Did you do a study around those assets or in general? And do you expect to have any higher taxes going forward given the lower depreciation?

**Inderpreet Wadhwa**
I think, first of all on the taxes perspective, this is like there's an accounting depreciation and there's a tax depreciation. So we have not changed anything on the tax depreciation side. So, we do not expect any change to the taxation going forward at least for the foreseeable future.

And then, in terms of additional color, I think we just tried to explain that the projects that we have are using all tier-1 equipment. I mean, we've got a lot our solar in that portfolio. We've got a lot of operational data in that portfolio and we've done a lot of tests, a lot of studies both outside of India, in India, and the warranties that back strong warranties and clearly most of these panels are at about 80% efficiency at the end of 25 years. So, we've done a lot of work in that place to make sure that the asset life is rightfully extended to 35 years.

We've also seen SunPower do 40 years and seeing Tesla do 35 years. So, we've taken, what I would call from an Indian standpoint, a leading industrial position, but not something that hasn't been done globally before.

**Moses Sutton**
That's very helpful. Thanks. And a last one from me, you discussed some of this already with Phil's question on the COD dates on projects. Can you confirm that it's Maharashtra 2 and Assam 1 that were pushed out a few quarters?

And then, just in terms you also mentioned you could pull some projects earlier, maybe can you point to any particular ones that might be the best candidates for actually completing earlier similar with Gujarat 2?

**Inderpreet Wadhwa**
Yes, I'd probably answer that first. I think there's a project we are building in Karnataka we may be able to pull that in a little bit earlier than the scheduled date. That's doing really well.

And then, in terms of the two projects you mentioned, Assam and Maharashtra 1, are out and I think the details are there in the appendix on where they are and if you look the appendix from the previous quarter's earnings you would be able to get the exact difference, but largely on account of contracting delays.

**Moses Sutton**
Great. That's very helpful. Thank you.

**Inderpreet Wadhwa**
Thank you, Moses.

**CONCLUSION**

**Operator**
And ladies and gentlemen, this concludes today's question-and-answer session, and today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines and have a wonderful day.