



**7 GW+ Pan India portfolio of solar assets**

**India's first private grid connected MW solar plant**

**Issued India's first solar Green Bond**

# Investor Presentation

**June 2020**



# Disclaimer

## Forward-Looking Statements

This information contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, including statements regarding our future financial and operating guidance, operational and financial results such as estimates of nominal contracted payments remaining and portfolio run rate, and the assumptions related to the calculation of the foregoing metrics. The risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements include: the availability of additional financing on acceptable terms; changes in the commercial and retail prices of traditional utility generated electricity; changes in tariffs at which long term PPAs are entered into; changes in policies and regulations including net metering and interconnection limits or caps; the availability of rebates, tax credits and other incentives; the availability of solar panels and other raw materials; our limited operating history, particularly as a relatively new public company; our ability to attract and retain our relationships with third parties, including our solar partners; our ability to meet the covenants in debt facilities; meteorological conditions; issues related to the corona virus; supply disruptions; power curtailments by Indian state electricity authorities and such other risks identified in the registration statements and reports that we have filed with the U.S. Securities and Exchange Commission, or SEC, from time to time. In the presentation, portfolio represents the aggregate megawatts capacity of solar power plants pursuant to PPAs, signed or allotted or where we have been cleared as one of the winning bidders or won a reverse auction but has yet to receive a letter of allotment. All forward-looking statements in this presentation are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements.

This presentation also contains non-GAAP financial measures. We have provided a reconciliation of such non-GAAP financial measures to the most directly comparable measures prepared in accordance with U.S. GAAP in the Appendix to this presentation.

# Azure Power Overview (AZRE: NYSE)

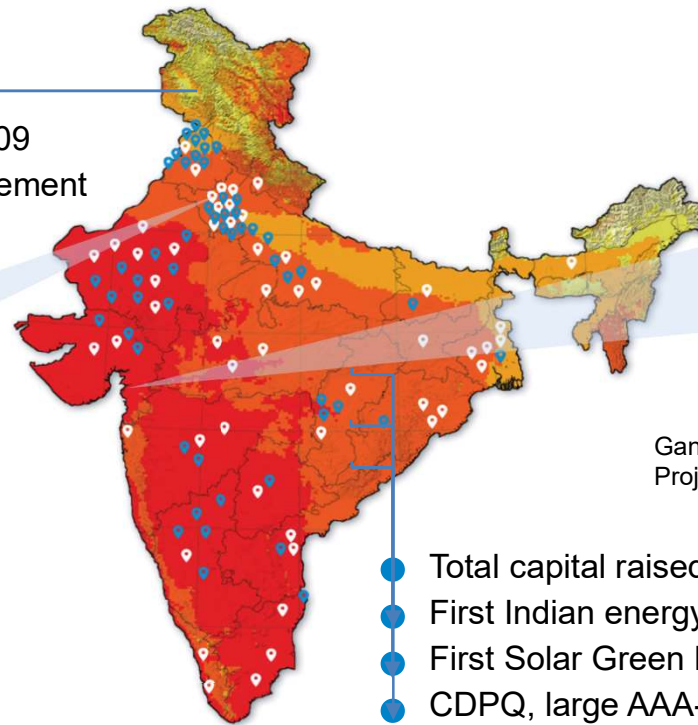


**A Leading Pan Indian Solar Power Developer**

**Portfolio of 7,115 MWs<sup>(1)</sup> (1,808 MWs Operational, 1,307 MW Contracted, 2,000 MW Committed and 2,000 MW Greenshoe<sup>(1,2)</sup>)**



- Founded in 2008, built India's first private utility-scale solar project in 2009
- Fully integrated business from development to EPC, financing & management
- Operational MW growth of 98% CAGR from March 2009
- 95% of the total portfolio is investment grade



Gandhinagar | India's First MW Scale Distributed Solar Rooftop Project



Awan | Punjab | India's First Private MW scale Solar Plant

- Total capital raised over US\$2.5<sup>(3)</sup> billion since inception
- First Indian energy assets to list in NYSE, United States
- First Solar Green Bond out of India listed on SGX
- CDPQ, large AAA-rated Canadian pension fund, owns 50.9%

\* Map not to scale

(1) Portfolio as on March 31, 2020: 2,000 MWs is a greenshoe option that has been exercised by the company as part of an auction that was won but this capacity has yet to receive a Letter of Award

(2) Under construction and allocated projects

(3) Exchange rate- INR75.39 to US\$1 (New York buying rate of March 31, 2020)



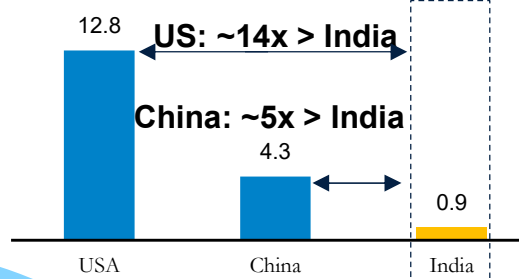
# The Solar Advantage in India



Azure's solar plants have high availability

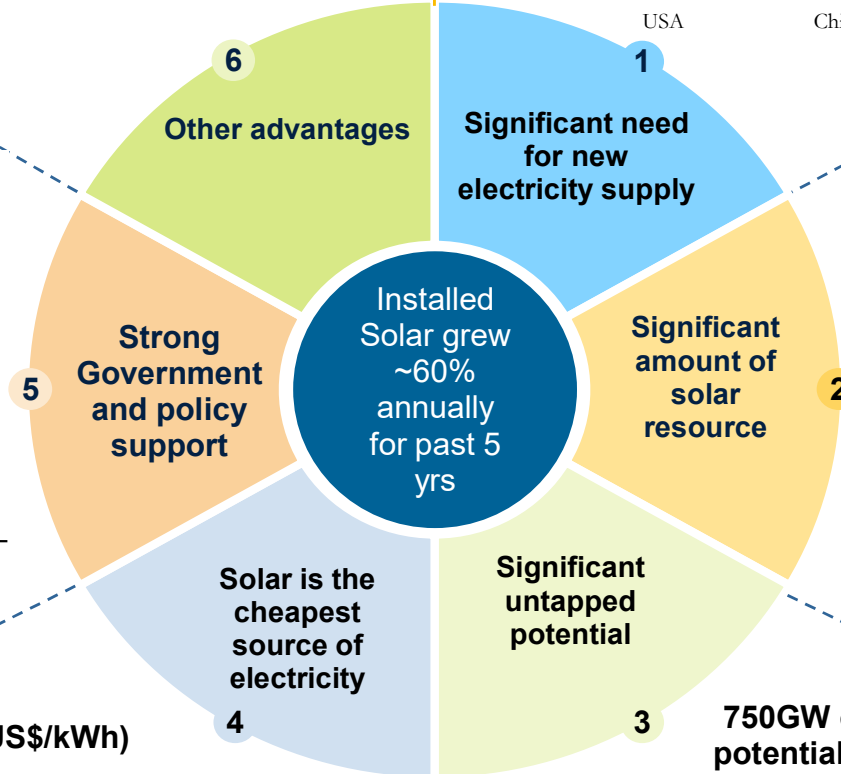
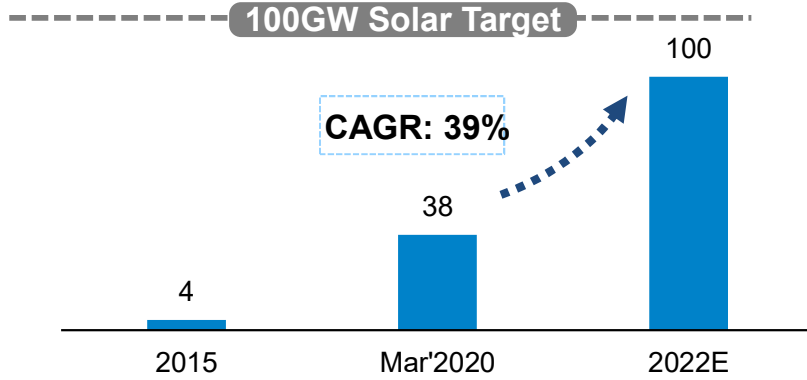
Seasonal Energy Curve	Summer	Monsoon
India-Demand	Peak	Low
Solar-Generation	Peak	Low

Electricity Usage per Capita (MWh)

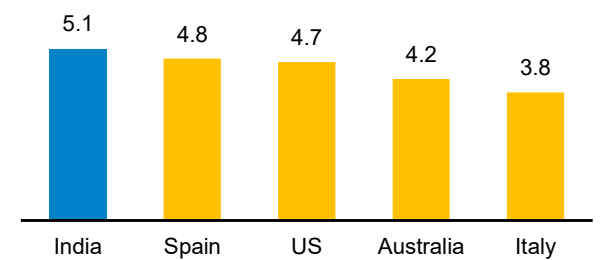


~100 mn people without direct power source

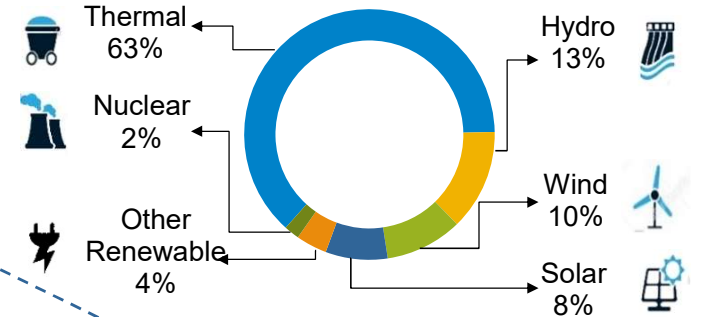
India's 100GW Solar Capacity Addition Roadmap



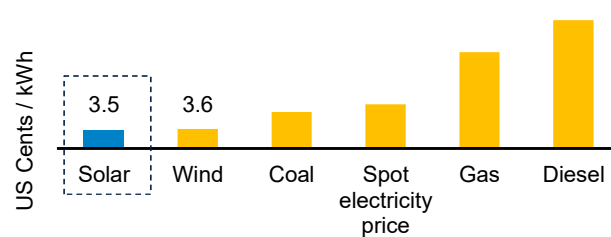
Irradiation (kWh / m2)



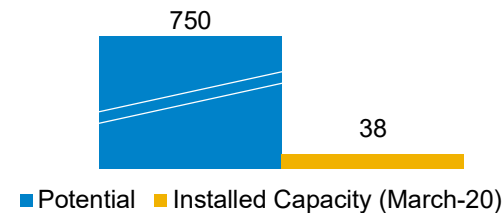
Solar is 8% of India's Installed Capacity



Tariff (US\$/kWh)



750GW of solar potential in India



Source: Central Electricity Authority (CEA), MNRE, World Bank, Reuters, Deloitte Industry Report; Solar and Wind tariffs are average for last 12 months  
Exchange rate- INR75.39 to US\$1 (New York buying rate of Dec 31, 2019)

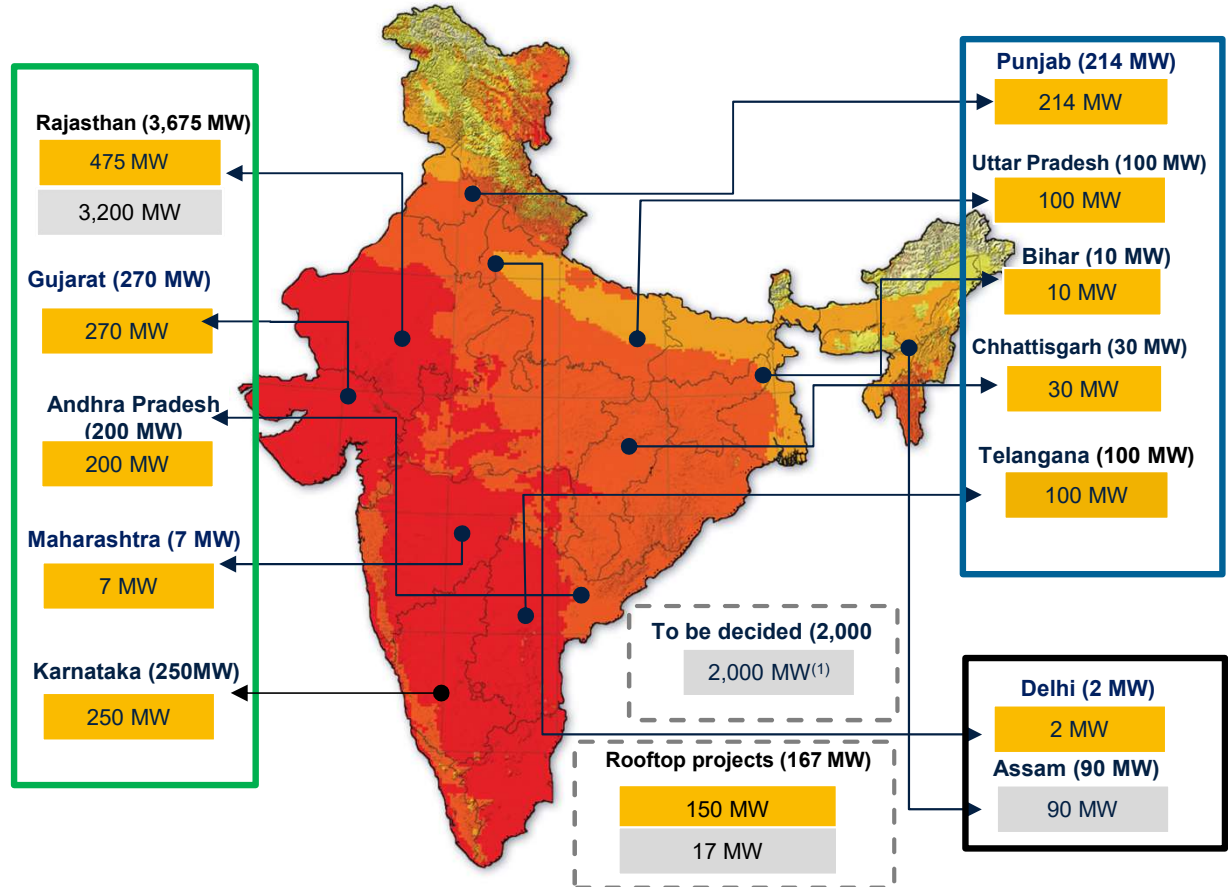
# 7,115<sup>(1)</sup> MW Committed Portfolio, 1,808 MWs Operational



~90%<sup>(2)</sup> in High Irradiation Zone

~6%<sup>(2)</sup> in Mid Irradiation Zone

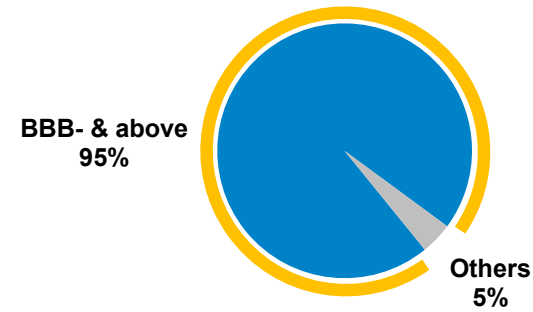
Focus on Strong Counterparty Credit



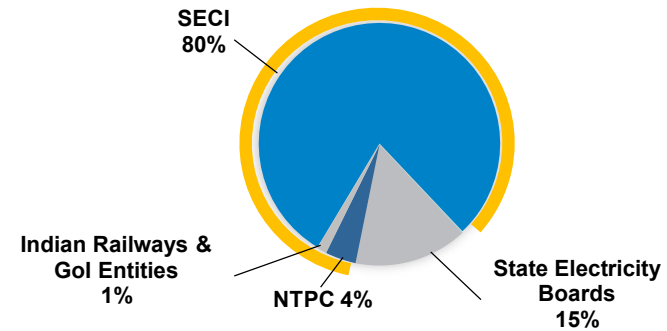
## Irradiation Zones<sup>(3)</sup>(kWh/m2/day)

- High >5.5
- Mid Between 5.5-4.5
- Mid Low 4.5-3.5

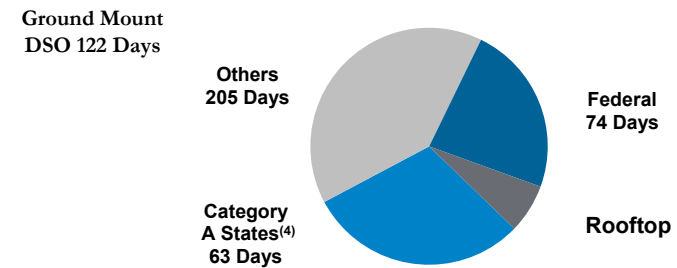
Operational Solar Capacity (Yellow)  
Under Construction & Committed Solar Capacity (Grey)



~95% of the portfolio is Investment Grade<sup>(4)</sup>



85% of the portfolio is with Gol (sovereign) backed entities



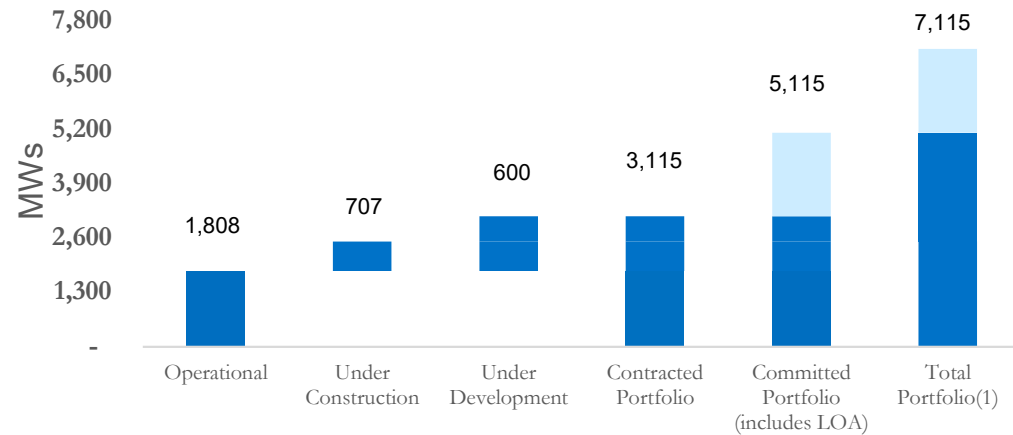
~60% of revenues are with Highest Rated Counterparties

(1) 2,000 MWs of Committed Capacity is a greenshoe option that has been exercised by the company as part of an auction that was won but this capacity has yet to receive a Letter of Award (2) For ground mounted project (3) National Renewable Energy Laboratory (4) Considered Integrated Rating Report by Ministry of Power, Gol, wherever Credit Rating is not available

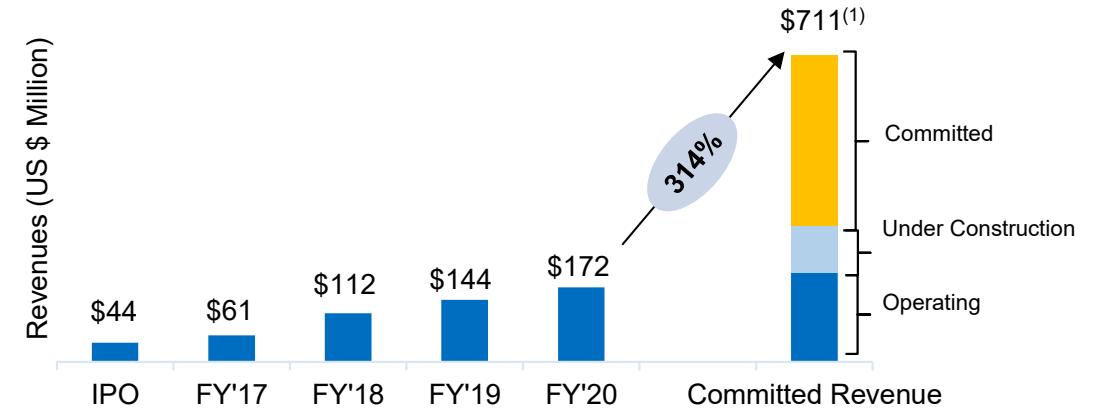
# Visible Historical and Future Growth



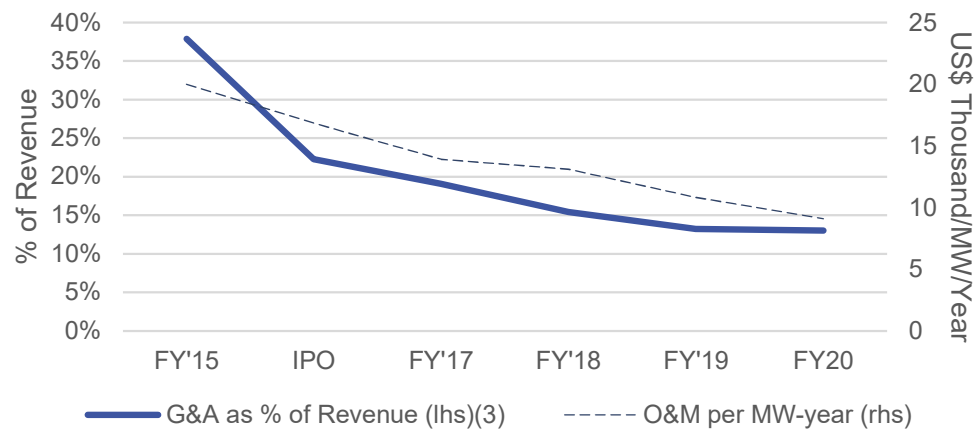
## Growing Portfolio with Strong Contracts in Place



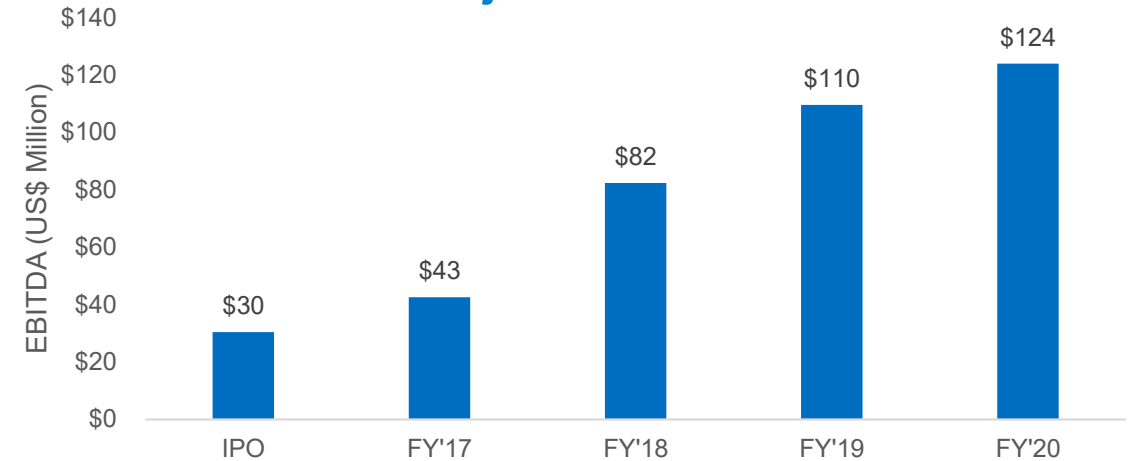
## Substantial Revenue Growth to Portfolio Run-Rate<sup>(1)(2)</sup>



## Captured Significant Economies of Scale

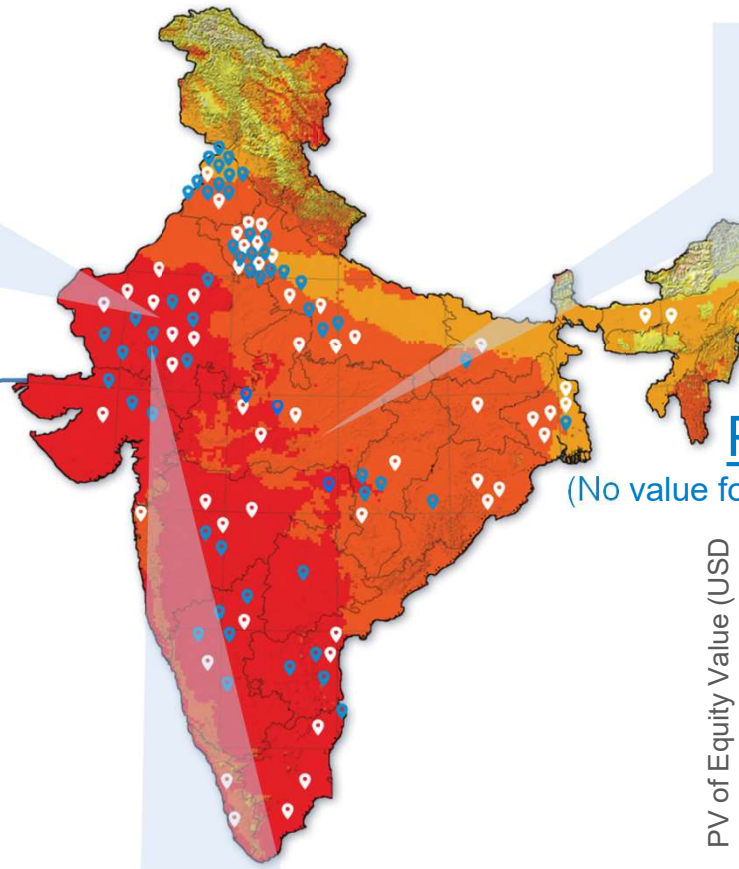


## 313% Increase in Adjusted EBITDA since IPO in 2016



Exchange rate- INR75.39 to US\$1 (New York buying rate of March 31, 2019) 1) Includes 2,000 MWs related to the exercise of a greenshoe option which an LOA has yet to be received, 2) Portfolio run-rate (please refer Form 6k Equals annualized payments from customers extrapolated based on the operating & contracted capacity as on March 31, 2020). 3) Excludes INR 747 mn (\$9.9 mn) of charges in FY'20 related to management transition, stock appreciation rights, interest charges on safe guard duties, and provisions of accounts receivables. | IPO data is LTM 30 June, 2016| EBITDA - For a reconciliation of Non-GAAP measures to comparable GAAP measures refer to appendix.

# Key Highlights of Recent Developments



No material adverse impact from COVID-19, to date; Operational assets on track; We expect MWs under construction will be completed before expected revised COD.

Cash Flow to Equity (CFe) from Operating Assets<sup>(1)</sup> was \$43 million for FY'20, up 15% from FY'19; Reiterate long term guidance of CFe growth to \$170 - \$210 million over next five years

Pursuing lowest cost of capital – Identified \$150mn of equity sources towards \$600 million equity need to build 4 GWs. Fully equity funded for 3,115 MWs; Continue to expect that no new shares will be issued before at least FY'22<sup>(2)</sup>

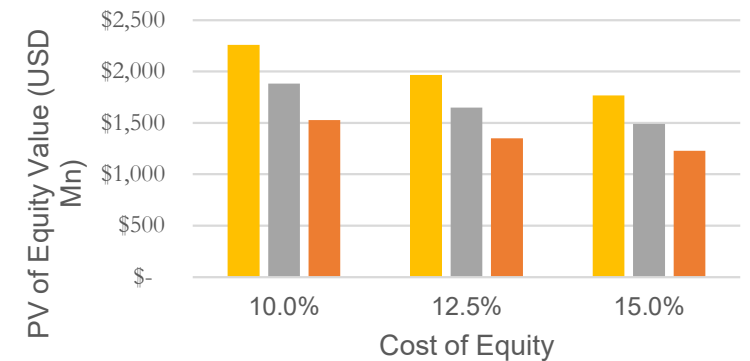
Hired advisor to explore selling second group of assets, in addition to first set of assets; initial good interest

Secured project financing from leading foreign lenders at a price below 9% recently

Owing to delays in receiving LOA on 2 GW green-shoe, we are considering bidding for more solar as well as new technology-driven tenders like hybrid, storage based to fill construction schedule gap. Will only win project if above cost of capital.

## Present Value of Equity<sup>(3)</sup>

(No value for growth beyond current portfolio or cost reductions)



■ 9% Interest Rate ■ 10% Interest Rate ■ 11% Interest Rate

Expect to achieve 9.0 – 10.25% lending cost in future

Current market cap is ~\$750 mn

1) CFe is a Non-GAAP metric, please refer to the reconciliation of this non-GAAP metric in the Appendix. 2) unless it is the lowest cost source of equity for our projects 3) As of March 31, 2020



# COVID-19 Update: Azure Power As A Safe Haven



## No Material Adverse Impacts From COVID-19

Performance Illustrates Quality and Predictability of Assets and Cash Flows

Strong Liquidity through at least March 31, 2021<sup>(1)</sup>

With Superior Access to Capital and Operations, Azure Should Further Differentiate Itself to Competitors

### Operating Assets

- Plants remain fully operational
- Receiving payments in normal course; majority of counterparties are Central Government
- No additional curtailment<sup>(2)</sup> despite reduction in electricity demand given must run status
- Force majeure notices from customers have been denied by Government

### Under Construction

- Plants under construction have resumed activity; of 1,290 MWs under construction and development, expected to be commissioned by expected revised PPA COD
- Do not expect to incur any penalty for delays; our counterparties to these plants have recognised force majeure
- Do not see any increase in project costs related to COVID-19; metal and module prices have dropped recently due to softness in global demand
- Seeing improvement in supply chain

### Access to Capital

- All financing remain on track. Two plants under construction have financings in place; Commitment in place for plant with Rajasthan 8 and advanced discussion with banks for Rajasthan 9
- CDPQ (AAA rated) now owns 50.9% of Azure Power Global
- Moody's credit agency upgraded both of our Green Bonds by one notch in March; In June, Moody's revised outlook for RG2<sup>(3)</sup> to negative in line with Moody's revision of Gov't of India's sovereign rating

1) Even if only some of the highest debt-rated counterparties, such as Government-of-India-owned SECI, continue to make payments for electricity received. 2) only minor, normal interruptions related to supply grid 3) Azure Power Solar Energy Pvt Ltd,



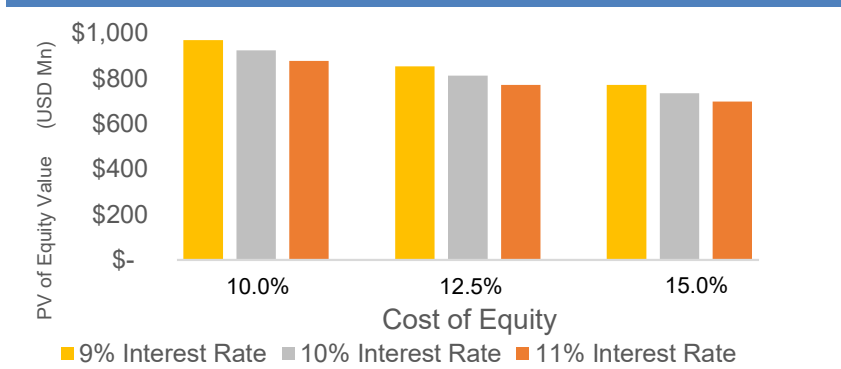
# Recent 4 GW Project Win Is Value Accretive

Tariff ~15% higher than similar SECI central grid connected auctions we have won

Opportunity for 20%+ equity IRRs

Potential of around 6.0x EV/EBITDA build cost

## Present Value of Equity for 4 GW Win

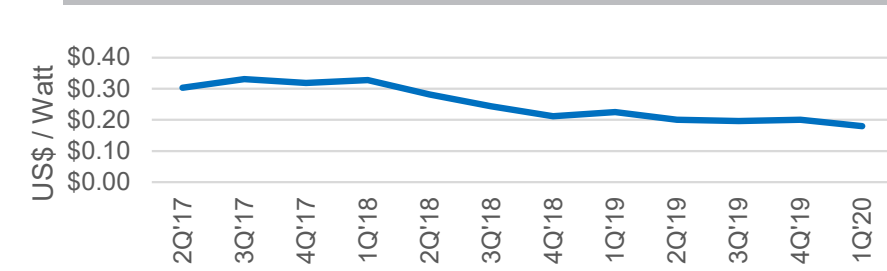


Key Assumptions for 4 GWs					
Project Cost	59 - 63 ¢ / Watt	Net PLF	28.9% - 29.3%	Leverage	75%
Overloading	50%	Tariff	3.9 ¢/ kWh	Interest Rate	9.25 – 10.25%
Opex	8% of Revenue Initially	Degradation	0.60%	Loan Tenor	20-22 Years

## Potential Upside

- ☀️ Opportunities to reduce O&M given benefits of scale and technology
- ☀️ Potential use of bi-facial modules could increase PLF
- ☀️ Green bond financing could reduce lending costs and reduce equity requirements improving returns
- ☀️ Further reduction in module prices and BOS reflecting buying power and gains in productivity

## Module prices have a long history of declines <sup>(1)</sup>

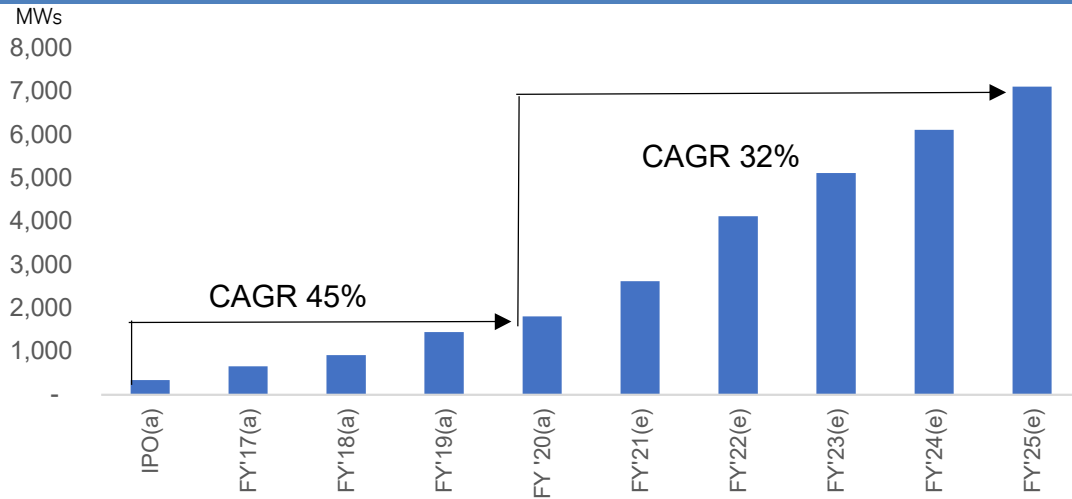


Exchange rate- INR 75.39 to US\$1 (New York closing rate of March 31, 2020), 1) PV Insights, Mercom 8

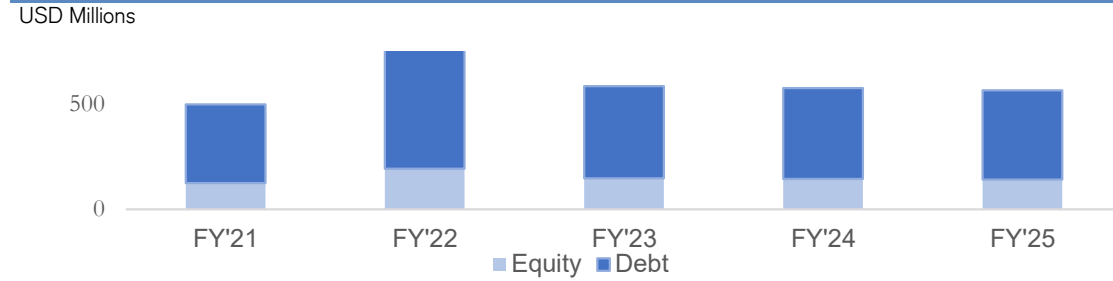
# Historical and Future Strong Growth



## MWs Operational Guidance

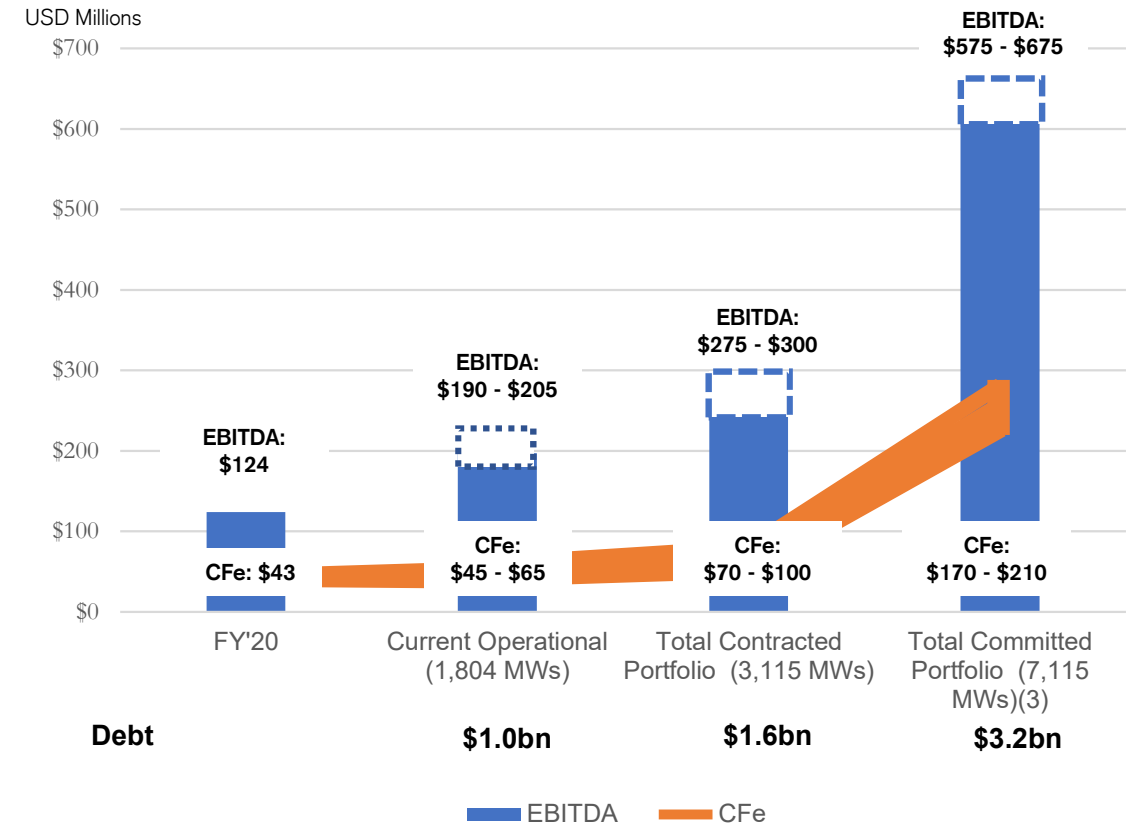


## Capex Forecast<sup>(1)</sup>



(US\$ millions)	FY'21	FY'22	FY'23	FY'24	FY'25
<b>Cap Ex</b>	\$425 - \$600	\$575 - \$850	\$500 - \$700	\$500 - \$700	\$500 - \$700

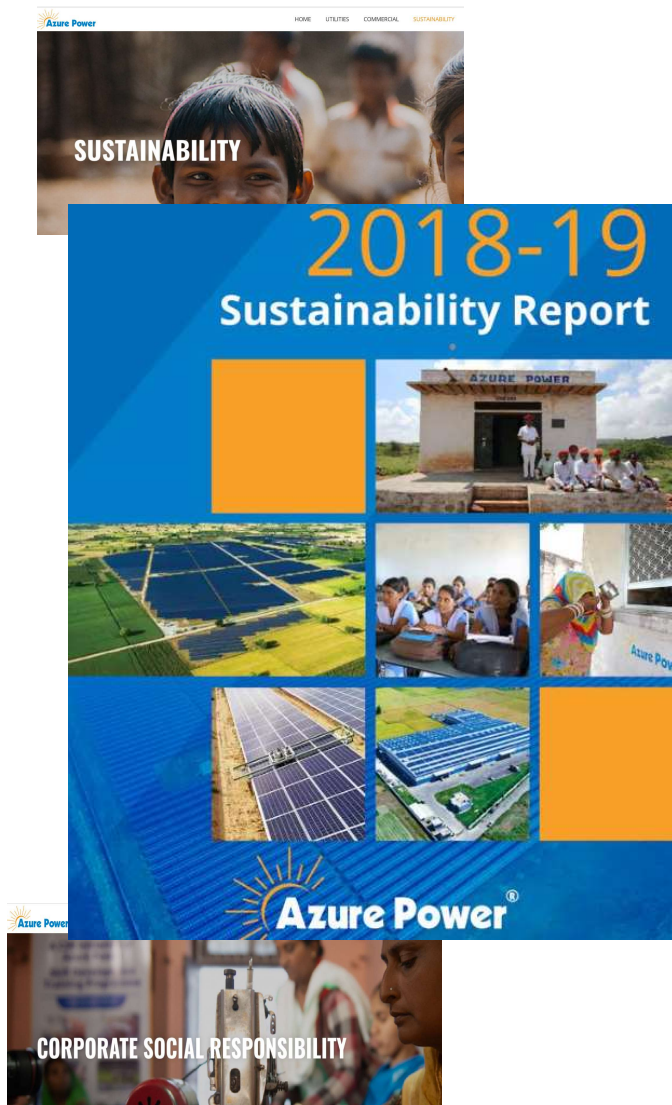
## EBITDA, Cash Flow to Equity<sup>(2)</sup> and Debt Forecast



Exchange rate- INR 75.39 to US\$1 (New York closing rate of March 31, 2020) (1) Midpoint of guidance, (2) CFe (cash flow to equity) is profit before tax (the most comparable GAAP metric), adjusted for net cash provided for used/in operating activities, other than changes in operating assets and liabilities, income and deferred taxes and amortization of hedging costs; less: cash paid for income taxes, debt amortization and maintenance capital expenditure. FY'20 actual debt amortization was \$8.2 million but projections assume normalized debt amortization over 20 years. FY'20 actual includes \$15.1 mn of Corporate G&A but projections do not include Corporate G&A. (3) 2,000 MWs of Committed Capacity is a greenshoe option that has been exercised by the company as part of an auction that was won but this capacity has yet to receive a Letter of Award



# Published First Sustainability Report; Launched Sustainability Website



## Environment

## Social

## Governance

### Highlights

- Avoided 5.2 mn tons of CO2 equivalents since inception <sup>(1)</sup>
  - 50% saving last year in water consumption per unit of electricity generated <sup>(2)</sup>
  - Aim to become water neutral over the coming years
  - Volunteer study in FY'20 to ascertain the ecological impact of new projects in Rajasthan
  - 19 training sessions conducted in FY'20 with 254 participants across 11 sites on air pollution and environment awareness
- Created over 4,300 local jobs since inception in the remote communities we operate in
  - Clean water plants built in FY'19 / '20 to provide over 71,000 people with drinking water
  - 46 smart classrooms installed in last 18 months
  - 12 houses built for low income families in FY'20
  - 800+ street lights and 4 washrooms for communities installed in FY'20
  - Skill development training offered to over 2,500 individuals in local villages during FY'20
- Enhanced Health and Safety Policy implemented in FY'20
  - All projects comply with World Bank Equator Principles
  - Comply with SEC, NYSE, SGX governance standards
  - Gender diversity of Board
  - 287 internal and 4 external audits in FY'20 reported no significant non compliance

(1) Up to March 31, 2019, 2) CY 2019 compared to CY 2018



# Corporate Social Responsibility Programmes



Promoting livelihood enhancement by providing skill development across 7 sites in Gujarat



Donation of modified wheelchair and two wheelers to the disabled army veterans



Promoting education by providing smart class in Government schools across multiple states



Safe drinking water covering over 60,000 beneficiaries



1000+ Solar street lights installed to promote rural electrification



Built community toilets for sanitation and hygiene

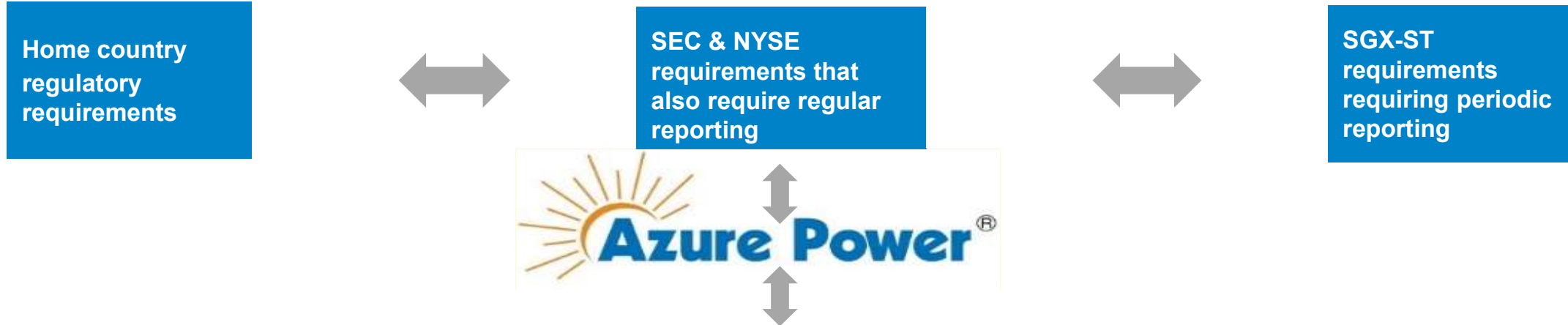


# Strong Governance and Disclosure Standards



Only Indian Solar Independent Power Producer listed on NYSE  
Standards reinforced by listing requirements

## Strong Corporate Governance



Key Committees			Key Policies			
<b>Compensation Committee</b> <ul style="list-style-type: none"> <li>Assist the board in discharging matters related to compensation</li> </ul>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>Prudently oversee the accounting and financial reporting process of the company</li> <li>All directors are independent</li> </ul>	<b>Nominating and Governance Committee</b> <ul style="list-style-type: none"> <li>Review &amp; make recommendations with respect to corporate governance</li> <li>Conduct annual reviews of Board's Independence</li> </ul>	<b>Whistle Blower Policy</b> <ul style="list-style-type: none"> <li>Providing conducive environment to employees and directors for safe and secure reporting of unethical conduct</li> </ul>	<b>Anti Bribery and Corruption Policy</b> <ul style="list-style-type: none"> <li>Committed to conduct business ethically</li> <li>Compliance with United States of America's Foreign Corrupt Practices Act</li> </ul>	<b>Code of Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>Conducting the business with honesty, integrity and ethical behavior</li> </ul>	<b>Corporate Social Responsibility</b> <ul style="list-style-type: none"> <li>Strong community partnerships</li> <li>Constantly working with communities for betterment</li> </ul>

For further details on policies, please refer to <http://investors.azurepower.com/corporate-governance/governance-documents>

# Experienced Board Backed by Long Term Marquee Shareholders



**Caisse de dépôt et placement  
du Québec**

- Increased stake in Azure Power to c.50.9% through multiple rounds & open market purchase
- 2<sup>nd</sup> largest Canadian pension fund (Rated AAA)
- US \$310 bn assets, of which over c. US\$ 4.5bn invested in India
- Long term institutional investor: Investments in infrastructure globally of c.US\$ 23bn of which c.53% in Energy



**International  
Finance Corporation**  
WORLD BANK GROUP

**IFC Global  
Infrastructure Fund**

- Made its first investment in company in 2010 and increased stake through multiple rounds with current holding of c.24.5%
- Arm of World Bank and largest global development institution
- US\$27bn+ investment since 2007 in Infra & Natural Resources
- Long term institutional investor: Leading global investor in emerging market renewable power with c.US\$6.1 billion invested



**Barney Rush**  
*Chairman and Independent Director*

- Serves on the board of ISO-New England, the electric grid and wholesale market operator for six U.S. states
- Served as Group CEO of Mirant Europe and Chairman of the Supervisory Board of Bewag serving utility in Germany



**Ranjit Gupta**  
*Chief Executive Officer and Director*

- Extensive experience in Renewable Energy, Thermal Power and the O&G industry
- Co-founded and served as the Chief Executive Officer of Ostro Energy



**Sanjeev Aggarwal**  
*Non-Executive Director*

- Co-Founder of Helion Venture Partners and IBM Daksh Business Process Services
- Served as a Director of ShopClues, Amba Investment Services, Mindworks Global Media Services, Global Talent Track and 9.9 Mediaworx



**Arno Harris**  
*Independent Director*

- Former founder and CEO of Recurrent Energy and Prevalent Power
- Serves as a board member emeritus and former board chair of the Solar Energy Industry Association



**Khalid Peyrye**  
*Independent Director*

- Heads the Corporate Secretarial and Administrative cluster of AAA Global Services
- Previously was a Money Laundering and Compliance officer for a leading financial services company



**Cyril Cabanes**  
*Non-Executive Director*

- Vice President, Head of Infrastructure Transactions, Asia-Pacific at CDPQ
- 20+ years of experience across all facets of infrastructure transactions including acquisitions, financing and fundraising



**Deepak Malhotra**  
*Non Executive Director*

- Director, Infrastructure, South Asia at CDPQ
- 18+ years of experience in infrastructure financing. He previously worked at International Finance Corporation, World Bank, at a leading credit agency in India and in the Merchant Navy



**Dr. R.P. Singh**  
*Independent Director*

- Former CMD of Power Grid Corporation
- Known for his contribution to the power sector in generation, transmission, policy and grid infrastructure and recipient of awards from World Bank, Electric Power Research Institute, USA and SCOPE Excellence Award.



**Yung Oy Pin (Jane) Lun Leung**  
*Independent Director*

- Extensive experience in accounting, auditing, taxation, corporate secretarial and administration in the United Kingdom & Mauritius.
- Previously she has worked with Ascough Ward Chartered Accountants, Kingston Marks Chartered Certified Accountants and Deloitte & Touche across various sectors



# FY'20 Key Performance Metrics



**1,808 MW Operating**  
**25% increase<sup>(1)</sup>**

- 367 MW (610MW DC) commissioned since March 2019
- 4 MW (11 MW DC) commissioned in Q4 FY20



**7,115 MW<sup>(3)</sup> Operating & Committed**  
**112% increase**

- 707 MWs are under construction
- 600 MWs under development
- 2,000 MWs has LOA
- LOA awaited for 2 GW<sup>(3)</sup>



**US\$ 0.43m Project Cost/MW (DC)**  
**27% reduction<sup>(2)</sup>**

- DC cost per MW US\$ 0.59 mn for FY19
- AC cost per MW US\$ 0.58 mn for FY20
- AC cost per MW US\$ 0.73 mn for FY19



**US\$ 43.0 mn CFe for Operating Assets**  
**15% increase<sup>(1)</sup>**

- Increase primarily due to higher revenues

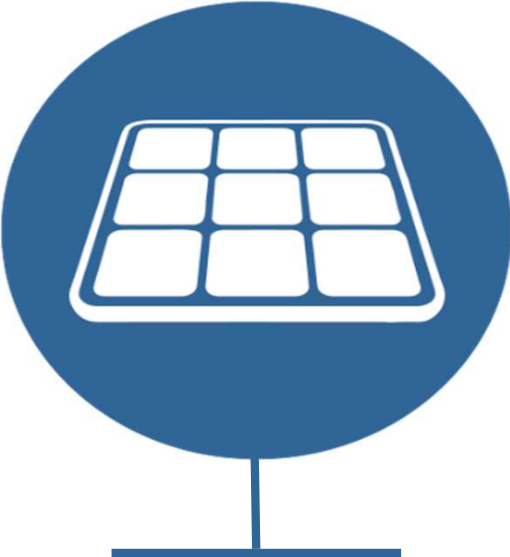
1) % Increase/Reduction in INR over figure from March 2019. 2) Excludes the impact of Safe Guard Duties (SGD). Including the SGD impact, FY'20 AC cost would have been higher by US\$ 0.07mn, and FY'20 DC cost would have been higher by \$0.04mn. 3) 2,000 MWs of Committed Capacity is a greenshoe option that has been exercised by the company as part of an auction that was won but this capacity has yet to receive a Letter of Award

Note: Exchange rate INR 75.39 to US\$1 (New York closing rate of March 31, 2020)

# Reiterating FY'21 Guidance



2,650 – 2,950 MWs  
Operating by March 31, 2021



INR 15,800 – 16,600 million<sup>(1)</sup>  
of Revenue for FY'21

1Q FY'21 Revenue: INR 3,800 – 4,000 million  
Q1 FY'21 PLF 22%-23%

1) US\$ 210- 220 Mn (at March 31, 2020 exchange rate- INR75.39 to US\$1)



# Contacts



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Marketing,  
Azure Power

# Appendix



# Use of Non-GAAP Financial Measures: EBITDA



**Adjusted EBITDA is a non-GAAP financial measure. We present Adjusted EBITDA as a supplemental measure of its performance. This measurement is not recognized in accordance with USGAAP GAAP and should not be viewed as an alternative to USGAAP GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by unusual or non-recurring items.**

**We define Adjusted EBITDA as net loss (income) plus (a) income tax expense, (b) interest expense, net, (c) depreciation and amortization, and (d) loss (income) on foreign currency exchange. We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because:**

- Securities analysts and other interested parties use such calculations as a measure of financial performance and debt service capabilities; and**
- it is used by our management for internal reporting and planning purposes, including aspects of its consolidated operating budget and capital expenditures.**

**Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Company's results as reported under USGAAP GAAP. Some of these limitations include:**

- it does not reflect its cash expenditures or future requirements for capital expenditures or contractual commitments or foreign exchange gain/loss;**
- it does not reflect changes in, or cash requirements for, working capital;**
- it does not reflect significant interest expense or the cash requirements necessary to service interest or principal payments on its outstanding debt;**
- it does not reflect payments made or future requirements for income taxes; and**
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced or paid in the future and Adjusted EBITDA does not reflect cash requirements for such replacements or payments.**

**Investors are encouraged to evaluate each adjustment and the reasons we consider it appropriate for supplemental analysis. For more information, please see the table captioned "Reconciliations of Non-GAAP Measures to Comparable GAAP Measures" in this presentation.**

# Reconciliation of Non-GAAP Measures to Comparable GAAP measures

	Quarter Ended March 31, (in million)			Year Ended March 31, (in million)		
	2019 INR	2020 INR	2020 US\$	2019 INR	2020 INR	2020 US\$
<b>Net profit (loss)</b>	241	(394)	(5.2)	138	(2,337)	(30.9)
<b>Income tax expense/ (benefit)</b>	(18)	82	1.1	153	489	6.5
<b>Interest expense, net</b>	1,448	1,994	26.4	5,022	7,962	105.6
<b>Other (income)</b>	(21)	(73)	(1.0)	(148)	(108)	(1.4)
<b>Depreciation and amortization</b>	510	850	11.3	2,137	2,860	37.9
<b>Loss (Gain) on foreign currency exchange</b>	(18)	188	2.5	441	512	6.7
<b>Adjusted EBITDA</b>	<b>2,142</b>	<b>2,647</b>	<b>35.1</b>	<b>7,743</b>	<b>9,378</b>	<b>124.4</b>

Exchange rate- INR 75.39 to US\$1 (New York closing rate of March 31, 2020).

# Use of Non-GAAP Financial Measures: Cash Flow to Equity (CFe)



Cash Flow to Equity is a Non-GAAP financial measure. We present CFe as a supplemental measure of our performance. This measurement is not recognized in accordance with U.S. GAAP and should not be viewed as an alternative to U.S. GAAP measures of performance. The presentation of CFe should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. We believe GAAP metrics such as net income (loss) and cash from operating activities do not provide with the same level of visibility into the performance and prospects of our operating business as a result of the long term capital-intensive nature of our businesses, non-cash depreciation and amortization, cash used for debt servicing as well as investments and costs related to the growth of our business. Our business owns high-value, long-lived assets capable of generating substantial Cash Flow to Equity over time. We define CFe as profit before tax (the most comparable GAAP metric), adjusted for net cash provided for used/in operating activities, other than changes in operating assets and liabilities, income and deferred taxes and amortization of hedging costs; less: cash paid for income taxes, debt amortization and maintenance capital expenditure. We believe that changes in operating assets and liabilities is cyclical for cash flow generation of our assets, due to our high growth environment. Furthermore, to reflect the actual cash outflows for income tax, we deduct income and deferred taxes computed under US GAAP and presented in our consolidated financial statements and instead include the actual cash tax outflow during the period, are considered as part of interest expense. We believe that external consumers of our financial statements, including investors and research analysts, use Cash Flow to Equity both to assess Azure Power's performance and as an indicator of its success in generating an attractive risk-adjusted total return, assess the value of the business and the platform. In addition, we use CFe internally to forecast long term financing needs and to determine equity returns on our projects.

We have disclosed CFe for our operational assets on a consolidated basis, which is not the Cash from Operations of the Company on a consolidated basis. We believe CFe supplements GAAP results to provide a more complete understanding of the financial and operating performance of our businesses than would not otherwise be achieved using GAAP results alone. Cash Flow to Equity should be used as a supplemental measure and not in lieu of our financial results reported under GAAP. We have also bifurcated the CFe into Operational Assets and Others, as defined below, so that users of this financial statement are able to understand the Cash generation from our operational assets. We define our Operational Assets, as the Projects which had commenced operations on or before the year ended March 31, 2020, (as provided in the ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS, of our form 20F for the year ended March 31, 2020), the operational assets represent the MW operating as of that date. We define Others as the project SPV's which are under construction, or under development - as provided on page 55 of Form 20F, Corporate which includes our three Mauritius entities, the other than projects covered under operational assets, as well as, a company incorporated in USA and other remaining entities under the group.



# Cash Flow to Equity (CFe)



	For the year ended March 31, 2019			For the year ended March 31, 2020		
(US\$ millions)	Operating	Others	Total	Operating	Others	Total
Sale of power	131.7	-	131.7	171.9	-	171.9
Cost of operations	11.5	-	11.5	15.2	-	15.2
General and administrative	7.1	10.3	17.4	15.1	17.1	32.3
Depreciation and amortization	28.0	0.3	28.3	37.2	0.7	37.9
<b>Operating income</b>	<b>85.0</b>	<b>(10.6)</b>	<b>74.4</b>	<b>104.3</b>	<b>(17.8)</b>	<b>86.5</b>
Interest expense, net	63.6	3.0	66.6	99.6	6.0	105.6
Other income	(0.2)	(1.7)	(2.0)	(0.5)	(0.9)	(1.4)
Loss on foreign currency exchange, net	3.4	2.4	5.8	5.5	1.3	6.8
<b>Profit before Income Tax</b>	<b>18.2</b>	<b>(14.3)</b>	<b>3.9</b>	<b>(0.3)</b>	<b>(24.2)</b>	<b>(24.5)</b>
Add: Depreciation	28.0	0.3	28.3	37.2	0.7	37.9
Add: Foreign exchange loss, net	3.4	2.4	5.8	5.5	1.3	6.8
Add: Ancillary cost of borrowing	2.4	1.2	3.5	5.2	4.2	9.4
Add: Other items from the Statement of Cash Flows <sup>(1)</sup>	2.4	(0.6)	1.8	10.1	2.5	12.5
Less: Cash paid for income taxes	(6.4)	(1.7)	(8.2)	(6.5)	(2.8)	(9.2)
Less: Debt Amortization <sup>(2)</sup>	(10.7)	-	(10.7)	(8.2)	-	(8.2)
Less: Maintenance Capital expenditure <sup>(3)</sup>	-	-	-	-	-	-
<b>CFe</b>	<b>37.3</b>	<b>(12.8)</b>	<b>24.5</b>	<b>43.0</b>	<b>(18.3)</b>	<b>24.7</b>

All amounts for fiscal years 2019 and 2018 have been translated at an exchange rate of INR 75.39 to US\$1 (New York closing rate of March 31, 2020) for the convenience of the reader.

# Cash Flow to Equity (CFe) – Contd.



- (1) *Other items from the Statement of Cash Flows:* These include most of the items that reconcile “Net (loss) gain” and “Operating profit before changes in working capital” from the Statement of Cash Flows. Other items include: loss on disposal of property plant and equipment of INR 55 million and INR 52 million, share based compensation of INR 83 million and INR 186 million, realized gain on investment of INR 148 million and INR 108 million, non-cash rent expense of INR 81 million and INR 193 million, allowance for doubtful debts of INR 40 million and INR 303 million, loan repayment charges of INR Nil and INR 282 million and ARO accretion of INR 23 million and INR 36 million for the year ended March 31, 2019 and March 31, 2020 respectively.
- (2) *Debt amortization:* Repayments of term and other loans during the period ended March 31, 2020, was INR 32,827 million (refer to the statement of cash flows) which includes INR 32,207 million related to refinancing of loans or early repayment of debt before maturity and have been excluded to arrive at debt amortization or net repayments of term and other loans (excluding refinancing) of INR 620 million. Repayments of term and other loans during the period ended March 31, 2019, was INR 3,786 million (refer to the statement of cash flows) which includes INR 2,978 million related to refinancing of loans or early repayment of debt before maturity and have been excluded to arrive at debt amortization or net repayments of term and other loans (excluding refinancing) of INR 808 million.
- (3) *Classification of Maintenance Capital Expenditures and Growth Capital Expenditures* All our capital expenditures are considered Growth Capital Expenditures. In broad terms, we expense all expenditures in the current period that would primarily maintain our businesses at current levels of operations, capability, profitability or cash flow in operations and maintenance and therefore there are no Maintenance Capital Expenditures. Growth capital expenditures primarily provide new or enhanced levels of operations, capability, profitability or cash flows.
- (4) *Reconciliation of total CFE to cash from operations:*

(US\$ millions)	For the year ended March 31, 2019	For the year ended March 31, 2020
<b>CFe</b>	<b>24.5</b>	<b>24.7</b>
<i>Items included in GAAP Cash Flow from Operating Activities but not considered in CFe</i>		
Change in Current assets and liabilities as per cash flow	(20.2)	(0.5)
Current income taxes	(8.8)	(4.5)
Prepaid lease rent adjustments and Employee benefits	0.1	(7.3)
Amortization of hedging costs	13.8	18.9
<i>Items included in CFe but not considered in GAAP Cash Flow from Operating Activities</i>		
Debt amortization as per Cfe	10.7	8.2
Cash taxes paid as per CFe	8.2	9.2
<b>Cash from Operating Activities</b>	<b>28.4</b>	<b>48.8</b>

All amounts for fiscal years 2019 and 2018 have been translated at an exchange rate of INR 75.39 to US\$1 (New York closing rate of March 31, 2020) for the convenience of the reader.



Thank You