Investor Update amid COVID-19

Dear All,

We've been receiving inbound enquiries viz continuity of operations, liquidity profile, capacity roll roll-out and potential disruptions (if any) in light of the WHO declared global pandemic - COVID- 19. Therefore, in the interest of fair information disclosure, we'd like to highlight the following:

Business Update

Ongoing Operations- Commissioned Fleet (5.4 GW):

1. While a Government mandated 21-day lockdown has been effective since March 25th 2020, power generation, transmission and distribution linked activities, falling under the ambit of essential services, have been exempted for operations.

   Our sites therefore continue to function with essential manpower ensuring generation, evacuation and off-take as usual, without much disruption so far. This is largely owing to minimum personnel required for running Renewable Energy ("RE") stations. All safety precautions are being taken at sites to avoid the risk of any community spread of COVID 19. These precautions include frequent sanitizations, daily screenings and safe distancing of employees, made possible due to lower personnel density at sites . As of now, none of our sites face any lock-down risks.

   However, our Corporate/HO employees have been instructed to work from home as a precautionary measure to encourage social distancing.

2. While there have been reports of ~17% decline in energy consumption in the last week since voluntary/mandatory lockdowns were effected, we've not witnessed any consequent curtailments to evacuation or off-take, primarily on account of:

   - As a Policy matter- RE has been classified as a must run source of electricity
   - Relatively low contribution of RE to the country's overall energy basket - less than 10% during YTD 10MFY20

   In light of above, we anticipate our plants to continue with generation, evacuation and dispatch without facing any major disruptions or downtimes.

3. In anticipation of the impending high wind season, we undertook following practices between January and March 2020 (i.e. before the lockdown) as part of our Asset Management SoPs, to prepare for the high wind season:

   - Carrying out Scheduled/Predictive maintenance activities and machine audits to ensure WTGs being Fit and Proper for the High Wind season
   - Stocking up on spares inventory at site and regional hubs to ensure real time replacement and avoiding long time WTG outages during the High Wind season

   The above practices coupled with inherently low external interventions required for running RE stations would hold us in good stead during the high wind season. Thus reducing dependency on off-site support and transportation network.

Development Operations- Under Construction & Pipeline Capacity (2.9GW)

We had anticipated to commission 1.3 GW during FY21, of which 965 MW was planned for commissioning post Nov 2020. MNRE has however consented to CoD extensions of projects yet to be commissioned, acknowledging the impact of the lockdown on supply chain, availability of construction workforce and access to capital. We look to re-map construction schedules and consequently re-phase capex outlays for these projects. The intent would be to optimize liquidity by deferring capital expenditure.

Financial & Liquidity Update

Working Capital & Liquidity:

1. In line with our liquidity policy, we continue to maintain cash reserves of INR 4,073 Cr (as on March 24, 2020) which is 90% of our est FY20 Operating EBITDA

2. Our working capital cycle has been steadily improving since H1FY20. Receivables declined from INR 2,771 Cr in Sep 19 to INR 2,167 Cr by the end of February 2020 translating to DSO declining by ~2 Months (from ~7 Months to ~5 Months). This was primarily on the back of collections in excess of INR 2,137 Cr (INR 427 Cr/ Month) during the period.

   Additionally, during March 2020, we’ve already collected more than INR 159 Cr so far (INR 14 Cr collected as recently as the week ending 24th March 2020).

   Major states that have hitherto contributed to collections in H2FY20 are:

- Andhra Pradesh INR 455 Cr
- Karnataka INR 436 Cr
- MP INR 326 Cr
- Telangana INR 312 Cr

3. We don't anticipate any significant maturities of debt facilities in the next 3 fiscal quarters for either of the following:

    - **HoldCo/Non Project Indebtedness**- The most recent near-term maturity is in Feb 21 for INR 506 Cr; and Mar 21 for INR 372 Cr
    - **Project Indebtedness**- These are mostly long term and amortizing in nature. Near term maturities of INR 658 Cr will be refinanced via onshore lenders

4. We understand that Ministry of Power ("MoP") has proposed a 3-month moratorium for payments by DISCOMs to generation and transmission companies. This on account of delayed payments expected from end consumers due to the lockdown. While the proposal remains under consideration by CERC, we do not foresee this to stress our liquidity on account of:

    - Cash reserves in excess of anticipated debt service payments for the next 3 Fiscal Quarters coupled with flexibility for incurring future capex
    - Having serviced coupon payments on offshore bond debts of USD 1.3 Bn in Feb/Mar 2020, with next payments due only in Aug/Sep2020, which is beyond the moratorium quarter
    - Staggered maturity profile of ~USD 2 Bn of project debt
    - Back to back moratoriums being discussed viz onshore debts in excess of USD 1.5 Bn, subsequent to RBI's announcement
    - Maintenance of Cash equivalent to mandated interest service reserves for the USD 1.75 Bn offshore bond debt offerings

5. We further expect adequate availability of liquidity in the markets consequent to specific at measures implemented by RBI in this direction including:

    - LTRO Targets of up to 3-year tenor for total amounts up to INR 1,00,000 Cr coupled with end use mandates of these funds to ensure intended market deployment

    - CRR reduction to 3% of NDTL intended to release ~INR 1,37,000 Cr

- Allowing banks to avail MSFs by dipping up to 3% of SLR from hitherto 2% allowing them to avail an additional INR 1,37,000 Cr under the LAF window

Positive Rating Action:

Fitch has upgraded their rating on $475mn NERGEN '22s issuance from "B+" to "BB-" in March 2020