

July 24, 2019

The Manager
Dept. of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
BSE Scrip Code : 532939

The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
NSE Symbol : RPOWER

Sub: Change in Credit Rating

Dear Sir(s),

In terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we inform that ICRA Limited (ICRA) has revised the long-term rating on rated instruments of Rosa Power Supply Company Limited ("RPSCL"), a wholly owned subsidiary of Reliance Power Limited ("R Power" or "the Company") to 'B- issuer not cooperating' and short-term rating to 'A4 issuer not cooperating' citing *inter-alia* significant deterioration in the financial risk profile of Reliance Power Group coupled with the overall deterioration in the liquidity position of the Company, pending approval by UPERC on disallowed capital expenditure as well as other cost and efficiency parameters.

The action taken by ICRA is completely unjustified and unwarranted and the Company respectfully disagrees with the revision in the rating of RPSCL.

RPSCL is fully current in servicing its debt obligations and is not in any default. The requisite Non Default Statement (NDS) for the month of June, 2019 has also been submitted to ICRA.

RPSCL has been consistently deleveraging and debt equity ratio has been brought down to 0.56 in March 2019 from 0.75 in March 2018. RPSCL has, during March, 2019 achieved availability of 89% and continues to achieve higher performance during the current year. RPSCL is confident of the final order in its favour from Uttar Pradesh Electricity Company Limited (UPERC) regarding approval of the additional capital expenditure and tariff recovery thereof. This will further enhance the credit strength of RPSCL.

R Power continues to show strong operational performance. Sasan UMPP recorded highest PLF in the Country at 95% in FY'19. With Consolidated EBITDA of R Power at Rs. 4,263 Crore for FY'19, EBITDA margin is at ~50%, which is one of the best in the Industry. Excluding one-time exceptional items, R Power's Consolidated PAT for the year stands at Rs. 197 Crore. In addition, operating projects are close to achieving regulatory outcomes aggregating to Rs. 5,000 Crore.



Impairments taken during FY'19 are one-time exceptional items. Impairment of gas-based assets has been taken after 7 years due to industry-wide issue of non-availability of domestic gas, which has affected entire ~24,000 MW of gas-based capacity in the Country. CSP impairment was primarily due to pioneering technology performance, which though improving continuously, is yet to reach commercial viability.

Even after the impairment exercise, the Consolidated Networth stands at Rs. 17,377 Crore resulting in a Debt to Equity Ratio of 1.74, which reflects a well-capitalized structure and is one of the lowest among the industry peers. R Power has been consistently de-leveraging itself and all its subsidiaries.

During FY'19, R Power's risk management initiatives have progressed well.

The SPV for development of Tilaiya UMPP has been transferred to the Procurers and Bank Guarantees of Rs. 600 Crore have been returned by the Procurers along with payment of agreed termination payment of Rs. 113 Crore. Bank Guarantee of Rs. 208 Crore towards development of captive coal block has been returned by the Ministry of Coal.

R Power's Bangladesh Project comprising of 718 (net) MW LNG-based Combined Cycle Power Project (CCPP), where unused equipments of Samalkot Gas-based Project are proposed to be deployed, is in advanced stages. Module 1 of Samalkot will be deployed in Phase I of Bangladesh Project being developed at Meghanaghat near Dhaka. Remaining two modules could be deployed in Bangladesh as part of Phase II development or sold under a marketing arrangement agreed with US-EXIM. R Power has already executed relevant agreements with the lenders of Samalkot SPV for aligning debt terms with realization of proceeds from sale of Samalkot equipment either to Bangladesh Project and /or through said marketing arrangement.

R Power continues to pursue its other monetization initiatives in terms of enforcement of arbitration award and sale of coal concessions in Indonesia, transfer of SPV for Krishnapatnam UMPP to PFC/ entity identified by PFC.

The Company believes that ICRA has not appropriately factored in the above facts while revising the ratings.

For **Reliance Power Limited**

Murli Manohar Purohit
Vice President - Company Secretary &
Compliance Officer

