Reliance Infrastructure Ltd.

Analyst / Investor Meet Presentation

February 25, 2019

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Business Update

Delhi Distribution Business

- Serves over 42 lakh households with 100% power reliability
  - Adding over ~2 lakh households every year - **Revenue : Rs 15,200 crore; Cash EBITDA : Rs 3,300 crore**
  - ~2.5x of Mumbai Power Business (MPB) on all major parameters
  - High growth rate of ~5% v/s 2.5% of MPB
- Loss levels reduced from 57% to sub 10% - **Best in India and at par with Mumbai**
- Efficiently served highest peak demand : 4,550 MW
- Debt reduced substantially from Rs 8,000 crore to just Rs 1,500 – **>80% reduction in debt**

  Conservatively financed with Debt:Equity of 0.5x

Strong operational cash flows to fund future growth – No equity needed

Delhi Distribution – Comparison with Mumbai

Particulars (FY19 est.)	**Mumbai**	**Delhi**	**Comparison**
Business	Duo-poly	Mono-poly	Favorable
Growth (%)	2.5%	5%	2 X ↑
O&M Expenses	Disallowances	No Disallowances	Favorable
Regulation	Moderate	Favorable	Favorable
Incentive Sharing (%)	33%	33% to 60%	Higher
Turnover (Rs. Cr.)	7,750	15,200	2 X ↑
Area (Sq. km)	400	950	2.4 X ↑
Customer Base (Mio)	2.43	4.27	1.7 X ↑
Peak Demand (MW)	1,925	4,550	2.4 X ↑
Energy Billed (Mu)	8,100	18,180	2.3 X ↑

Delhi Distribution is far superior on all parameters compared to Mumbai

Delhi Distribution – Regulatory Assets

Particulars	Rs crore	Key Remarks
Total Regulatory Assets	**27,600**	
Approved by Regulator (DERC)	7,200	• Regulator stared giving cost reflective tariff (FY12) • 8% surcharge recovery allowed alongwith interest cost @ 14% - **Already recovered Rs 10,500 crore** • Recovery utilised to pay off debt and Gencos overdues
Advanced Stages of Approval	20,400	• Supreme Court : Rs 12,900 crore(Approved by ATE) • DERC : Rs 2,100 crore (Approved by ATE) • ATE : Rs 5,400 crore

- DERC recently allowed Rs 550 crore of past disallowances – Tariff order expected in June' 19
- 75% of total unapproved RA is likely to be recognised by FY20
  - Approved & Under approval RA sufficiently covers the balance outstanding of Genco's (Rs 14,300 crore) & provides for potential cash surplus of Rs 6,500 crore (51% holding)
  - Principal and Past dues will be repaid in the next 6 years

Immense value to shareholders

Holding in RPower

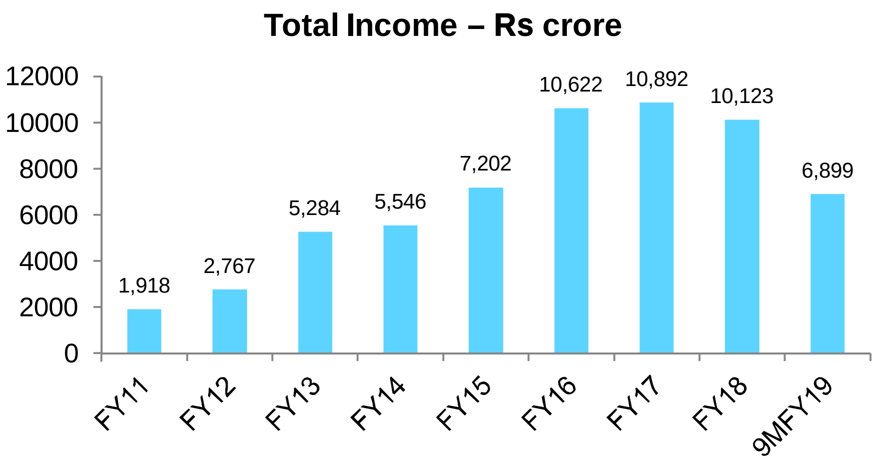
- RInfra holds ~40% stake in RPower - ~6,000 MW of operational capacity
- Project portfolio operating at 81% PLF vs national average of 62%
- All plants have 100% fuel linkage, Captive mines, long term PPA and no payment risks
- Rs 50,000 crore capex completed ahead of schedule
  - **No further equity required for projects in India - Bangladesh equity to be funded in kind**
- Well capitalized balance sheet supported by cash flows from operating assets
  - Debt:Equity of 1.4:1 – One of the lowest in the power sector

Largest integrated Power and Coal resource company in India

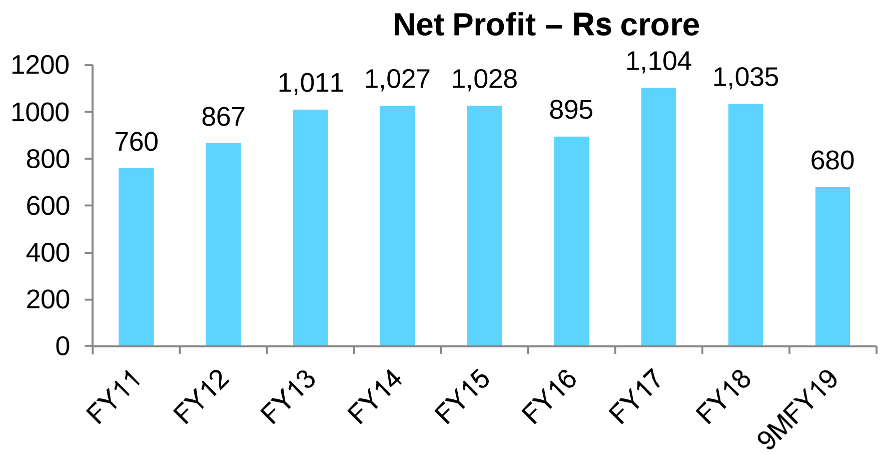
Holding in RPower

- **Sasan (4,000 MW) with integrated 20 MTPA coal mine operational with 94% PLF**
  - World's largest integrated plant – Commissioned 1 year ahead of schedule
  - Most competitive tariff – Long term PPA with 7 states and 14 Discoms
  - Coal production of 18 MTPA in FY18 - Highest among private sector players in India
  - Largest coal mine in India by volume handled – 92 Million Cubic Meters Volume
- **Committed to clean and green renewable power:**
  - ~200 MW renewable projects in India
  - 3,000 MW gas based power project in Bangladesh - Projects agreement executed:
    - 750 MW (Phase -1) is under implementation
    - 500 MMSCFD* LNG Terminal at Kutubdia Island near Chittagong in Bangladesh

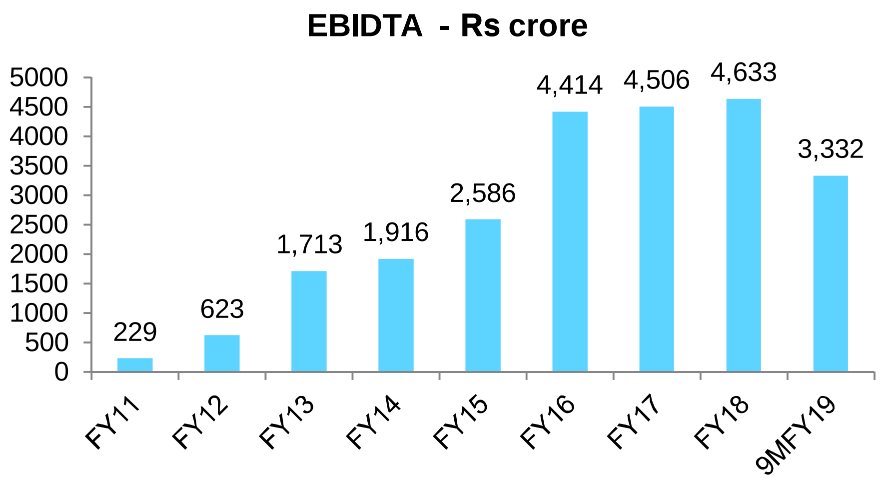
Strong financial track record



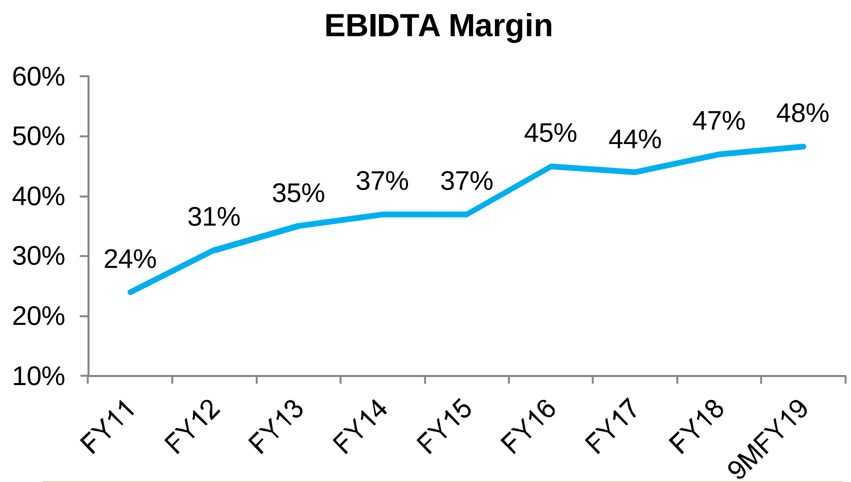
Total income has grown at CAGR of 27%



Consistent Profits

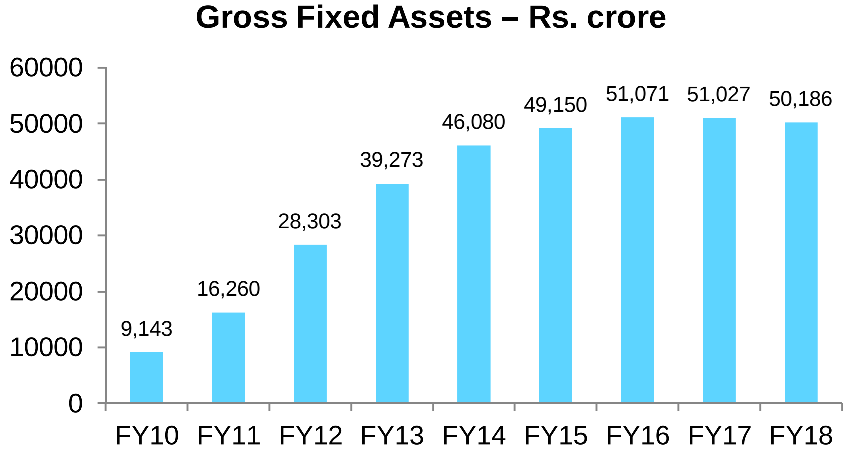


EBIDTA has grown at CAGR of 54%

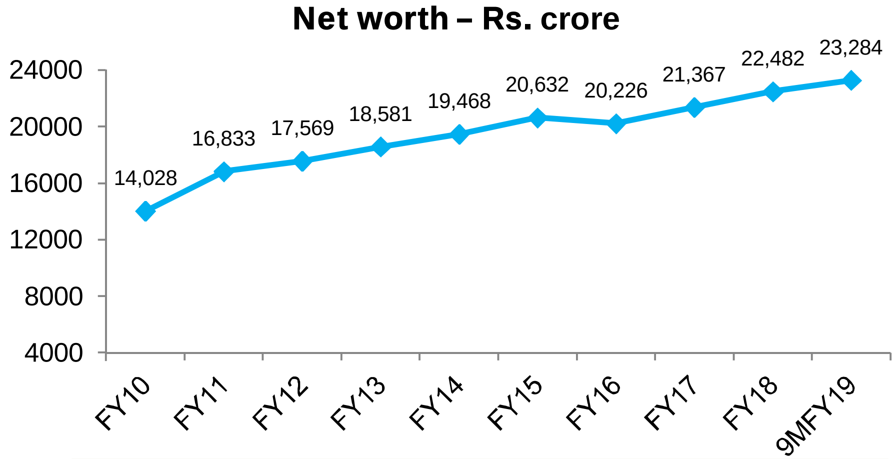


EBIDTA margins have remained consistent

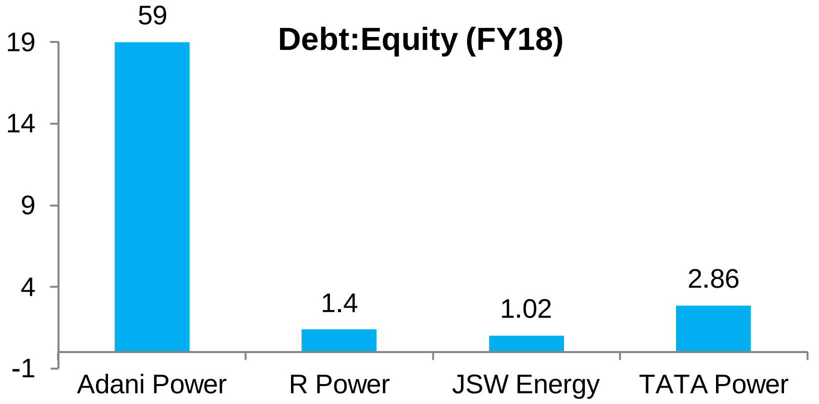
Strong Balance sheet – conservatively financed



Investments of ~ Rs 50,000 Cr. already made



High Net worth



Conservatively financed with Debt : Equity of 1.4x

Strong fundamentals remain unchanged

1 **Operating Projects delivering robust performance**

- Portfolio operating at PLF of 81% vs. national average of 62%
- Sasan continues to record best in class performance

2 **Significant regulatory resolutions in pipeline**

- Aggregate in excess of Rs 5000 Cr – Sasan recently received APTEL Judgment for Rs.550 Cr

3 **Risk Management efforts progressing well**

- Tilaiya UMPP closed – with release of BG of Rs. 808 Cr. and receipt of Rs. 113 Cr.
- Samalkot Project being relocated to Bangladesh – Phase I under implementation
- Krishnapatnam UMPP – SPV being returned to PFC /Procurers for Buyback price

4 **Strong Financials – one of the conservative debt-equity ratios**

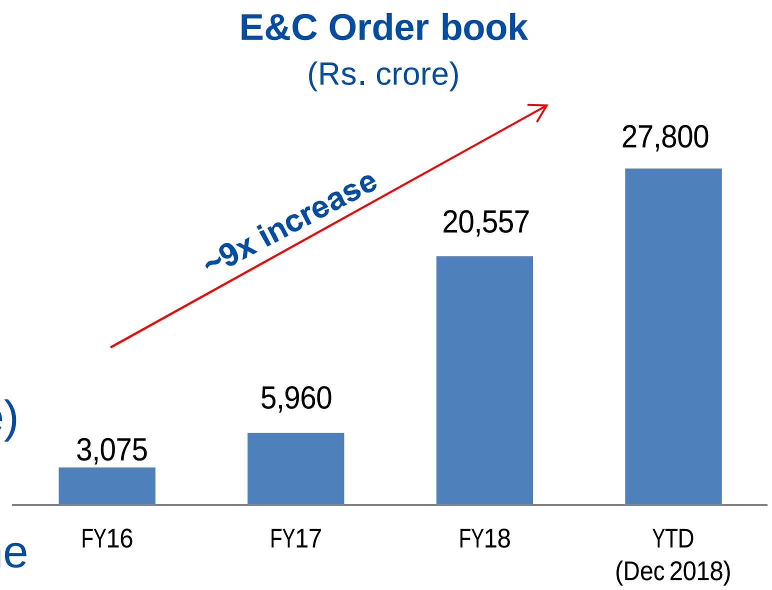
- Consistent Profit; Cash flows and well capitalized balance sheet
- Residual final maturity of ~17 years – gradual debt reduction
- No further equity required for projects under development – Bangladesh equity in kind.

5 **Focused on Value Accretive Growth**

- Phased implementation of Bangladesh Project - 3,000 MW; To unlock investments in Samalkot
- No Hydro, Solar and Wind investments at the current tariff levels

E&C Business : Overview

- Focus on capital light business
- Amongst the top 2 E&C companies in India
- Executed projects : Over Rs 50,000 crore
- Current Orderbook : Rs 27,800 crore (~9x increase)
- Executed complex projects within cost & record time



- **Won 9 projects on competitively bid basis worth Rs 23,000 crore in last 2 year**
  - **Key clients :** NHAI, MMRDA, MSRDC, MoRTH, NPCIL, TANGEDCO, etc

Executed projects in power and urban transportation sector

E&C Business : Marquee Projects

- **Key Projects**

Project Name	Sector	Project Cost (Rs crore)
Versova Bandra Sea Link	Road	7,000
Integrated LNG Terminal & Power Project in Bangladesh	Power	5,000
Mumbai Nagpur Expressway (Package 7)	Road	1,900
Mumbai Metro line 4 (3 out of 5 packages)	Metro Rail	1,600
Kudankulam Nuclear Power Project (BOP – Unit 3 & 4)	Power	1,100

- **Strategic alliance with international majors to execute projects :**
  - Astaldi (Italy), SEC (China), NMDC (UAE), CAI (Ukraine), Gulermark (Turkey), etc

Targeting only high-technology and high-value projects

E&C Business : Opportunities

- Targeting opportunities : ~ Rs 3 lakh crore in FY20
- Bids participation : Rs 1 lakh crore in next one year
- Focus on large complex projects in following sectors:
  - Power & Process Infra : Nuclear Power, FGD, Water Infra
  - Heavy Civil Infra : Coastal Roads, Bridges &Tunnels
  - Transport : Bullet Train, Roads, Railways & Metro Rail

Sector	Opportunities (Rs crore)
Power & Process	69,000
Transportation	174,000
Heavy Civil	25,500
Oil & Gas	16,500
Total	**285,000**

Poised to build an order book of Rs 50,000 crore by FY20

Urban Transport : Roads Business

- All 11 road projects are revenue operational
- Total investments worth ~Rs 12,400 crore - Entire equity invested of ~Rs 4,300 crore
- **All Project are self sustaining and no further equity required**
- Marquee projects like Delhi Agra and Pune Satara
- Long concession period ranging from 18 - 30 years
  - **Average concession left for projects is more than ~17 years**
- Robust Financials (FY19E) : Revenue - ~Rs 1,220 crore & EBITDA - ~Rs 1,050 crore

11 Projects I 7 States I 4,400 lane kms I ~ Rs 12,400 crore

Road Business : Balance Concession Period

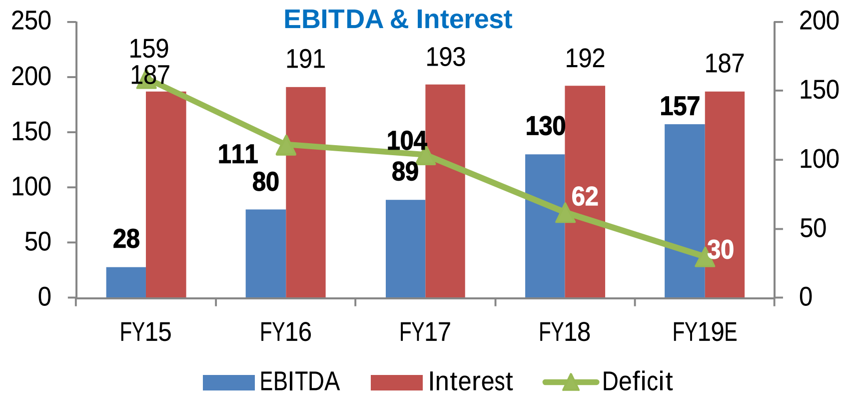
Sl.	Project	State	Kms	Total Cost (Rs crore)	Tolling Start	CP End	CP extn (Yrs)	CP to go (Yrs)
1	Namakkal Karur	TN	41	350	Aug-09	Jul-26	-	7+
2	Dindigul Samayanallore	TN	53	430	Sep-09	Jul-26	-	7+
3	Trichy Dindigul	TN	87	540	Jan-12	Jan-38	-	18+
4	Salem Ulundurpet	TN	136	1,110	Jul-12	Jan-33	-	13+
5	Gurgaon Faridabad	HR	66	780	Jun-12	May-26	-	7+
6	Jaipur Reengus	RJ	52	570	Jul-13	Aug-28	3.6	9+
7	Trichy Karur	TN	63	820	Feb-14	Jan-38	-	18+
8	Hosur Krishnagiri	TN	60	930	Jun-11	Jun-35	-	16+
9	Pune Satara	MH	140	2,240	Oct-10	Sep-34	4.8	15+
10	Delhi Agra	HY/UP	180	3,410	Oct-12	Oct-38	0	19+
11	Kandla Mundra	GJ	71	1,216	Nov-15	Jan-36	0	21+
	Total		**949**	**12,396**				**17+**

CP = Concession Period as per the Concession Agreement signed with respective Authority

Urban Transport : Mumbai Metro Business

- Only East to West rail connectivity in Mumbai - Total investments of Rs 4,000 crore

- **Key Achievements :**
  - >50 crore passengers since June 2014
  - Average daily ridership : 4.5 lakh commuters
    - Peak ridership of 5.2 lakh commuters/day



- **No capex required for next 3 years for current train capacity : 6 lakh commuters/day**

- **Concession period till 2043 with 25 years remaining period**

- EBITDA of ~Rs 150 crore - EBITDA will cover interest from next year i.e FY20

- Constitution of new FFC initiated - Current tariff ranges from Rs 10 to Rs 40
  - New tariff order expected in March 2019 which will be applicable for 5 year period

Ridership to increase in next 3 years on completion of new inter-connecting lines

Towards Debt Free RInfra
via Regulatory Assets & Arbitration Claims

RInfra : Adani Deal

- Successfully completed 100% sale of Mumbai Power business
- Total consideration value : Rs 18,800 crore
- **Tranche 1:** Deal proceeds of Rs 13,800 crore used to pay off debt-liabilities
  - Substantial 65% debt reduction in a single transaction – Debt / Equity : 0.3
  - Largest ever debt reduction for any company in power sector in India
- **Tranche 2:** Regulatory Assets under approval of Rs 5,000 crore
  - Proceeds will flow to RInfra as part of the Adani deal
  - Already received Rs 700 crore Regulatory assets – Recovery started since Q3 FY19
  - We expect the balance Rs 4,300 crore RAUA recovery in next 24 months

Entire proceeds from RAUA recovery will be utilised for debt reduction

Arbitration Proceeds

Particulars	Rs crore	Key Remarks
Total Arbitration	**16,500**	
Arbitration won / advance stage	**6,500**	
▪ Delhi Metro	5,800	• SLP in Supreme Court – Listed for interim relief shortly
▪ NHAI	400	• Order expected in Q1 FY20 for NK & DS road
▪ Goa Govt.	300	• Order expected in Q4 FY19
Arbitration in active process	**10,000**	
▪ EPC	5,400	• Hearing schedule in February and March 2019
▪ NHAI	2,400	• Hearing happening regularly - Order expected in FY20
▪ Mumbai Metro	2,200	• Next hearing schedule in May 2019 (10 meetings)

- **Current Status : Delhi Metro**
  - DAMEPL won arbitration award worth ~Rs 5,800 crore which was further upheld by Delhi High Court Single Bench – This order was set aside by Delhi HC Division bench
  - Hon’ble Supreme Court has allowed Special Leave Petition of DAMEPL challenging Hon’ble Delhi HC Division bench order – **Listed for interim relief shortly**

Proceeds will help in further debt reduction and potential cash surplus

Towards debt free RInfra

- Standalone projected debt is expected to be Rs 6,300 crore as on March 31, 2019
  - **Reduction in debt by Rs 1,200 crore in 7 months i.e Post Adani deal in Aug' 18**
- RInfra to become debt free in FY20 via :
  - Arbitration award already won/advanced stages : ~ Rs 6,500 crore
  - Arbitration hearing in process : ~ Rs 10,000 crore
  - Regulatory Asset (RA) under approval : ~ Rs 5,000 crore
- Purely on Arbitration & RA proceeds, RInfra will be debt free & potential cash surplus
- Conservatively financed with D/E of 0.3x v/s Industry D/E of ~ 8x

RInfra to emerge as the strongest infrastructure company

Key Summary

1 Delhi Distribution

- Strong operational cashflows (2.5x of Mumbai) – Conservatively financed with D/E : 0.5x
- Favourable regulatory orders will enable the discom to be potential cash surplus

2 E&C

- Target to reach Rs 50,000 crore orderbook by FY20
- Relevant expertise and tie-ups to capitalise on high technology & high value E&C opportunities

3 Holding in RPower

- ~40% holding in RPower with 6,000 MW of operational capacity
- No further capex required – Conservatively financed with D/E of 1.4x

4 Urban Transport : Roads & Metro

- Capex cycle complete and reverse cashflow started
- Projects are self sustaining and no further equity support required

5 Substantial Debt Reduction – Arbitration Claims & Regulatory Asset Recovery

- RAUA of Rs 5,000 crore & Arbitration worth Rs 6,500 crore – Almost 200% of debt of Rs 6,300 crore
- Conservatively financed with D/E – 0.3x – Lowest amongst infrastructure peers

Complete Transformation into High growth, High ROE and High Dividend Co.

Thank You