National Stock Exchange Of India Limited

Date of 19-Jul-2019

NSE Acknowledgement

Symbol:-	RPOWER
Name of the Company: -	Reliance Power Limited
Submission Type:-	Announcements
Short Description:-	Credit Rating
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July 18, 2019

The Manager
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BSE Scrip Code : 532939

The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
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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 both the long-term and short-term ratings on rated instruments of the Company and of its subsidiary Vidarbha Industries Power Limited (VIPL) to 'D issuer not cooperating' attributing inter-alia the confirmation of delays in debt servicing as evidenced from the signing of the Inter-Creditor Agreement (ICA) on July 6, 2019 by all the six lenders each of the Company and of its subsidiary VIPL.

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

The Company and its subsidiary VIPL have, with signing of ICA by 100% of its lenders as per the RBI Circular of June 7, 2019, achieved standstill for 180 days to implement the resolution plan during the said period.

The Company continues to show strong operational performance. Sasan UMPP recorded highest PLF in the Country at 95% in FY'19. Rosa Power Project has been operating at high availability of 89% during the corresponding period.

With EBITDA of the Company 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, the Company's 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. The Company has been consistently de-leveraging itself and all its subsidiaries.

Reliance Power Limited

During FY'19, the Company'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.

The Company'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. The Company 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.

The Company 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.

In case of VIPL, Appellate Tribunal for Electricity (APTEL) issued an order in November 2016 allowing VIPL's appeal against MERC Order disallowing certain part of the fuel cost. Subsequently, relying on the order of the Hon'ble Supreme Court in April 2017, wherein Hon'ble Court recognized decisions by Govt. of India and consequent changes in New Coal Distribution Policy (NCDP), 2007 which led to short supply of linkage coal under Fuel Supply Agreements (FSAs) signed by Coal India subsidiaries or non-signing of FSAs; as Change in Law; several regulatory commissions (including MERC) have given relief to the Independent Power Projects (IPPs) in the country in terms of pass-through of actual fuel costs incurred due to purchase of coal from market sources. VIPL, through a Mid-Term Review (MTR) petition, has approached MERC for allowing full recovery of coal costs in the variable charge for the period starting from Commercial Operation Date (COD). Hearing in the said petition has been completed and the regulatory order stands reserved. MERC order, allowing recovery of the receivables (mainly representing past fuel cost under-recoveries including carrying costs) would provide VIPL with necessary liquidity to make the debt service current and support sustained plant operations moving forward.

It is pertinent to mention that VIPL already has a long-term Fuel Supply Agreement (FSA) in place for Unit 2 (300 MW). In order to achieve long-term security of fuel for Unit 1 (300 MW), VIPL participated in the second round of e-auction conducted under clause B(ii) of the SHAKTI policy and has been provisionally allocated coal for Unit 1. After completing due process as defined under the SHAKTI policy, FSA for Unit 1 will be executed. With this, both 300 MW units of the VIPL (total 600 MW) have achieved long-term security of fuel supply.

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

For **Reliance Power Limited**

Reliance Power Limited

Murli Manohar Purohit
Vice President - Company Secretary
& Compliance Officer