

October 2, 2020

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001  
**BSE Scrip Code : 500390**

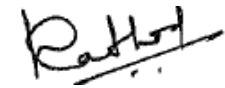
National Stock Exchange of India Ltd  
Exchange Plaza, C-1, Block G  
Bandra-Kurla Complex, Bandra (East)  
Mumbai 400 051  
**NSE Symbol : RELINFRA**

Dear Sirs,

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations 2015**

We hereby inform that 'Brickwork Ratings' has reaffirmed the rating to "BWR D' from 'BWR D - Issuer not co-operating' in respect of Fund Based Term Loan of the Company. A copy of the Rating Rationale issued by 'Brickwork Ratings' is attached.

Yours faithfully  
For Reliance Infrastructure Limited



Paresh Rathod  
Company Secretary



Encl: As above

## RATING RATIONALE

01 Oct 2020

### *Reliance Infrastructure Ltd.*

**Brickwork Ratings reaffirms the ratings for the existing Bank Loan Facilities aggregating to Rs.292.00 Crs of Reliance Infrastructure Ltd.**

#### Particulars

| Facilities/ Instrument** | Amount<br>(₹ Cr) |               | Tenure  | Rating*                          |                       |
|--------------------------|------------------|---------------|---|----------------------------------|-----------------------|
|                          | Previous         | Present       |   | Previous<br>(Jun 2019)           | Present               |
| Fund Based – Term Loan   | 943.00           | 216.00        | Long Term   | BWR D; Issuer<br>Not Cooperating | BWR D<br>(Reaffirmed) |
| Fund Based – Term Loan   | 208.00           | 76.00         |   |                                  |                       |
| <b>Total</b>             | <b>1151.00</b>   | <b>292.00</b> | <b>INR Two Hundred and Ninety-Two Crores Only</b> |                                  |                       |

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Details of Bank Loan facilities are provided in Annexures-I

#### RATING ACTION / OUTLOOK

The rating reaffirmation, inter alia, factors in the ongoing continuous defaults and delays in making payments to the bank loan facilities, deterioration in the credit profile and weakening of financial and debt servicing profile of the company, owing to substantial losses of Rs.4894.41 Crs incurred during FY19 on account of write off on the sale of investments, however, it has reported a profit of Rs.868.74 Crs as of FY20. Further, some of the SPVs/ Subsidiaries companies rated by BWR continues to remain in default and rated at BWR D. The company has overdue and delayed payments of Rs.1775.13 Crs of principal and Rs.1098.85 Crs of interest to various banks as on FY20.

However, the rating continues to factor the experience of promoters in the Engineering and Construction (E&C) segment in power, roads, metro and other infrastructure sectors, completed and present ongoing EPC projects, Power distribution companies in Delhi and road projects. It has also presence in defence sector.

#### KEY RATING DRIVERS

##### Credit Strengths:

**Experienced promoters:** R-Infra is the flagship company of group (Reliance ADAG group) and is promoted by Mr. Anil D. Ambani. It has been in the Engineering and Construction (E&C) segment in power, roads, metro and other infrastructure sectors, completed and present ongoing EPC projects, Power distribution companies in Delhi and road projects.

**EPC, Power and Road Business:** It is one of the integrated service providers in the EPC and project management services provider for undertaking turnkey contracts including coal-based thermal projects, gas-based power projects, metro, rail, and road projects. Some of the major projects under EPC segment are Bithnok TPP (1x250 MW) & Barsingsar TPSE (1x250 MW), Rajasthan, worth of Rs.3675 Crs project on turnkey basis, Uppar Thermal Power Project (2x800) in Tamil Nadu, Kudankulam Nuclear Power (KKNP – 3&4) for Design & E&C of common services systems, Mumbai metro line 4, Versova – Bandra Sea link etc. It also has two subsidiary company i.e. BSES Rajdhani for supplying power to South and West Delhi, and BSES Yamuna for supplying power to East and Central Delhi. Its discom business generated revenues of Rs.17206 Crs as of FY20 as compared to Rs.16244 Crs as of FY19. It also has toll road assets across India, most of which are in completed stage. Some of the major toll road projects are NK Toll, DS Toll, TD Toll, TK Toll, SU Toll, GF Toll, JR Toll, HK Toll, PS Toll and DA Toll Roads. However, some of them are continues to be in default due to delays in loan repayments.

### **Credit Risks:**

#### **Continuous delays in payment:**

During FY20, the company has overdues and delayed payments aggregating to Rs.1775.13 Crs of principal and Rs.1098.85 Crs of interest to various banks. The company along with its some of the road projects continues to be defaults on account of delays in repayments to the banks.

#### **Q1 FY21 Performance:**

During Q1 FY21, its operating revenues came down to Rs.3533.24 Crs as compared to Rs.5466.72 Crs in Q1 FY20. EBITDA turned negative of Rs.221.44 Crs in Q1 FY21 from positive of Rs.635.54 Crs in Q1 FY20. Further, it has shown a loss of Rs.288.41 Crs during Q1 FY21 from a profit of Rs.299.15 Crs in Q1 FY20.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale). BWR has taken a consolidated view on the company's operational and financial performance, promoter's contribution and all the current business segments while arriving at the rating.

### **RATING SENSITIVITIES**

Going forward, the timely payments to the banks, ensuring all the dues to be clear to the banks, execution of ongoing projects in a timely and efficient manner, maintaining collection and billing efficiencies for its power distribution business, adequate collection of tolls for its road projects, and the generation of adequate operating and net profit from the consolidated business will be key monitorables and sensitivities for the company.

### **LIQUIDITY: Poor**

The company's cash and cash equivalents were at Rs.1460.18 Crs as on FY20. The company's liquidity remains poor with Rs.2436.41 Crs cash accruals generated during FY20, as against the average annual debt repayment of Rs.2765.28 Crs as on FY20. Furthermore, the company has overdues and delayed payments worth of Rs.1775.13 Crs of principal and Rs.1098.85 Crs of interest payments to various banks. Furthermore, total overdue amount stood at Rs.5771 Crs (on an Standalone basis) as of Aug'20.

### **COMPANY PROFILE**

R-Infra is the flagship company of group (Reliance ADAG group) and is promoted by Mr. Anil D. Ambani. The company has operations in the Engineering and Construction (E&C) segment in power, roads, metro and other infrastructure sectors, completed and present ongoing EPC projects, Power distribution companies in Delhi and road projects.

It is one of the integrated service providers in the EPC and project management services for undertaking turnkey contracts including coal-based thermal projects, gas-based power projects, metro, rail, and road projects. Some of the major projects under EPC segment are Bithnok TPP (1x250 MW) & Barsingsar TPSE (1x250 MW), Rajasthan, worth of Rs.3675 Crs project on turnkey basis, Uppar Thermal Power Project (2x800) in Tamil Nadu, Kudankulam Nuclear Power (KKNP – 3&4) for Design & E&C of common services systems, Mumbai metro line 4, Versova – Bandra Sea link etc.

It also has two subsidiary company i.e. BSES Rajdhani for supplying power to South and West Delhi, and BSES Yamuna for supplying power to East and Central Delhi. It also has toll road assets across India, most of which are in completed stage. Some of the major toll road projects are NK Toll, DS Toll, TD Toll, TK Toll, SU Toll, GF Toll, JR Toll, HK Toll, PS Toll and DA Toll Roads.

### KEY FINANCIAL INDICATORS (in INR Crs)

As per FY20 financials, its operating income (On a Consolidated basis) decreased by 1.59% to Rs.18869.97 Crs from Rs.19,174.34 Crs in FY19. However, it has come out of losses and shown a profit of Rs.868.74 Crs in FY20 from a loss of Rs.4894.41 Crs in FY19 and shown profit of Rs.771.17 Crs (after share of associates and JV) as against a loss of Rs.2426.82 Crs in FY19. Earlier the loss was attributed mainly due to net exceptional loss of Rs.6065.06 Crs in FY19 on account of amalgamation of Reliance Cement works Pvt. Ltd., representing sale/w/off provision for diminution in the value of certain assets. Its total debt stood at Rs.18413.91 Crs as of FY20 (from Rs.18421.88 Crs as of FY19), with Tangible Net-worth of Rs.10549.30 Crs and having DE Ratio of 1.75x as of FY20. During Q1 FY21, it has again shown a loss of Rs.290.06 Crs for an operating revenue of Rs.3533.24 Crs as compared to profit of Rs.299.15 Crs and operating revenues of Rs.5466.72 Crs as of Q1 FY20.

### FINANCIAL INDICATORS – ISSUER (Consolidated)

| Key Parameters     | Units   | FY19     | FY20     |
|--------------------|---------|----------|----------|
| Result Type        |         | Audited  | Audited  |
| Operating Income   | Rs. Crs | 19174.34 | 18869.97 |
| EBITDA             | Rs. Crs | 2182.60  | 1220.66  |
| PAT                | Rs. Crs | -4894.41 | 868.74   |
| Tangible Net-worth | Rs. Crs | 14794.15 | 10549.30 |
| D: E Ratio         | Times   | 1.25     | 1.75     |
| Current Ratio      | Times   | 0.51     | 0.52     |

### KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of the sanction of loans from all banks and financial institutions include standard covenants normally stipulated for such facilities by banks/FIs. The term loan and other facilities from banks have the first pari-passu charge on the entire movable and immovable properties/assets of the company/ individual project assets, both present and future.

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:** Care ratings has outstanding ratings at CARE D “Issuer Non Cooperating” dated 23<sup>rd</sup> Jan 2020 and India Ratings outstanding ratings are at IND D (Issuer Not Cooperating) dated 13<sup>th</sup> Jul 2020 for its NCDs and bank loan facilities.

**RATING HISTORY FOR LAST THREE YEARS:**

| S. No. | Instrument             | Current Rating                           |                                  |   | Rating History |                               |             |  |             |                 |
|--------|------------------------|--|----------------------------------|---|----------------|-------------------------------|-------------|--|-------------|-----------------|
|        |                        | Type<br>(Long<br>Term/<br>Short<br>Term) | Amount<br>Outstanding<br>(₹ Crs) | Rating  | 2019           |                               | 2018        |  | 2017        |                 |
|        |                        |  |                                  |   | Date           | Rating                        | Date        | Rating   | Date        | Rating          |
| 1.     | Fund Based – Term Loan | Long Term                                | 216.00                           | BWR D Reaffirmed                                  | 28 Jun 2019    | BWR D; Issuer Not Cooperating | 01 Aug 2018 | BWR C  | 03 Apr 2017 | BWR AA-(Stable) |
| 2.     | Fund Based – Term Loan |  | 76.0                             |   | 15 Feb 2019    | BWR C; Issuer Not Cooperating | 30 Jul 2018 | BWR BBB+ (Credit watch with Developing Implications) |             |                 |
|        |                        |  |                                  |   |                |                               | 30 Jan 2018 | BWR AA-(Credit watch with Developing Implications)   |             |                 |
|        | <b>Total</b>           |  | <b>292.00</b>                    | <b>INR Two Hundred and Ninety–Two Crores only</b> |                |                               |             |  |             |                 |

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

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|---------------------|------------------------------|
| Analytical Contacts | Investor and Media Relations |
|---------------------|------------------------------|



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|---|---|
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*Reliance Infrastructure Ltd. (R-Infra)*

**ANNEXURE I**  
**Details of Bank Facilities rated by BWR (As on 31<sup>st</sup> Aug 2020)**

| Sl. No.      | Name of the Bank | Type of Facilities | Long Term (₹ Cr) |    |      | Short Term (₹ Cr) |    | Total (₹ Cr)  |
|--------------|------------------|--------------------|------------------|----|------|-------------------|----|---------------|
|              |                  |                    | Term Loan (O/s)  | CC | WCDL | LC                | BG |               |
| 1.           | Canara Bank      | Bank Loan          | 216.00           | -  | -    | -                 | -  | 216.00        |
| 2.           | Syndicate Bank   | Bank Loan          |                  | -  | -    | -                 | -  |               |
| 3.           | IDFC             | Bank Loan          | 76.00            | -  | -    | -                 | -  | 76.00         |
| <b>TOTAL</b> |                  |                    |                  |    |      |                   |    | <b>292.00</b> |

**Total INR Two Hundred and Ninety–Two Crores only.**

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings:** Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.