

**Chairman's Statement**  
**26<sup>th</sup> Annual General Meeting - June 23, 2020**

My dear fellow shareholders,

Welcome to this 26<sup>th</sup> AGM of our company.

- Every year I have had the privilege and pleasure of greeting you in person at our AGMs, but this year because of the Covid pandemic we are conducting this AGM online.
- I trust all of you, and your families are well and strictly following the new mantras of social distancing and personal hygiene to fight and defeat this virus.
- At the outset, let me – with the greatest humility – join 1.4 billion grateful Indians in saluting the extraordinary courage, heroism and valour of our men in uniform in the face of Chinese actions, and in paying my respectful tributes to the memories of those who made the ultimate sacrifice while defending the integrity of our borders and the honour of our motherland – Bharat Mata.
- A soldier of the Indian army is regarded the world over as representing the finest in the military traditions of discipline, daring and devotion to duty.
- The events of the last few days in the Galwan Valley in Ladakh have demonstrated yet again why that name and reputation is so well earned and so thoroughly deserved.
- At this critical juncture of our national life, we are blessed to have at the helm a statesman, visionary and world leader of exceptional stature, our most beloved prime minister, Shri Narendrabhai Modi.
- Let our enemies know, just as clearly as we patriotic Indians do, that under his command, we shall overcome every adversity and triumph over every challenge – no matter the odds. That is my firm belief and conviction.
- I request all of you to join me for a minute of silence to honour the spirit of our bravehearts, led by Colonel Santosh Babu, who laid down their lives in the defence of our country.
- Over the last few months, the world has witnessed the outbreak of what is by far the biggest public health emergency of the last 100 years.

- It is ironic that while the so-called developed world, with seemingly limitless resources and medical infrastructure, has struggled to cope and save lives, a developing country such as India has managed to keep the infection in check, and the fatality rate amongst the lowest in the world.
- There is only one explanation for this stark contrast between relative victory and abject defeat: The Quality of leadership.
- By imposing a stringent nationwide lockdown at a very, very early stage of the outbreak, Prime Minister Narendra Modi showed the kind of far-sightedness of thought, purpose and action that can make all the difference at the time of a mega crisis such as this.
- While the lockdown has no doubt exacted a huge economic cost in terms of jobs, livelihood and loss of business, the far-reaching stimulus, relief and reforms packages announced by the government has helped mitigate the immediate distress, and will go a long way in kickstarting the economy and powering a rapid recovery.
- At the same time, it is sobering to remember that while businesses can and do recover from adversities and setbacks however grave, human lives once lost cannot be brought back.
- The fact that we are conducting this AGM online is itself a stark reminder of this grim reality and the way the pandemic has changed and will continue to redefine our lives at home and at the workplace for times to come.
- As our Prime Minister has stressed repeatedly, we have to come together unitedly as a nation to defeat this pandemic.
- At this point, I would like to acknowledge the tireless efforts of my wife Tina and her team of dedicated doctors and health workers both at the Kokilaben Dhirubhai Ambani Hospital in Mumbai led by Dr. Santosh Shetty and his team and at the Reliance Hospital in Navi Mumbai led by CEO Bipin Chevale to provide relief and medical support to thousands of Covid patients.
- Both hospitals, I am proud to say, have been at the forefront in working shoulder to shoulder with the Government.
- Indeed, as the pandemic erupted and gained momentum in Maharashtra, and the Government started reaching out for support to the private sector, we were amongst the first hospitals to be granted recognition as a Covid-testing facility by the Indian Council of Medical Research (ICMR).

- We were also amongst the pioneers in committing a large number of Critical Care Beds. As of today, between the two hospitals, we have handled more than 1,000 Covid-positive patients which is amongst the largest number in the private sector and tested over 5,000 critical patients in our lab.
- Our focus on critical care has meant that we have dealt with some of the most critical COVID cases – patients with significant co-morbidities.
- Our medical teams have ensured excellent outcomes and full recovery in most such cases. There was extensive media coverage for one such case -- an 83-year-old cancer survivor who contracted the virus early on in the outbreak, spent 10 days in the ICU and recovered fully, spreading much-needed cheer and positivity while giving hope to many others.
- This important humanitarian mission would not have been possible for but for the tremendous commitment and dedication demonstrated by Tina and her team of healthcare personnel in partnership with the Government.
- My heartfelt appreciation to her and her dedicated battalion of Doctors, Nurses and Hospital Staff who have worked 24/7 to serve our beloved Mumbai
- Before I proceed further, I would like to take this opportunity to clarify certain matters of legal proceedings that may have caused concern to some of you.
- You might have seen various reports about proceedings initiated against me by the Chinese banks in London based on a personal guarantee that was claimed to have been given by me and the State Bank of India in Mumbai.
- As regards this claim of the Chinese Banks, I must emphasize that the loan in respect of which the proceedings have been initiated was not for any personal borrowing but for a corporate loan which was availed by our telecom company, Reliance Communications, in the normal course of business eight years ago in 2012 from a consortium of 3 Chinese Banks – CDB, ICBC and C-EXIM -- for global refinancing.
- The guarantee on the basis of which the claim was made was admitted not signed by me. In actual fact, I had only signed a power of attorney limited to executing a non-binding letter of comfort to the Chinese Banks. My defence however has been shut out by the UK courts on my inability to personally deposit a sum of \$ 100 million.

- As per the UK Court's Order, the final amount owed under the alleged guarantee will be assessed based on the outcome of the RCOM insolvency resolution process. In addition, I will avail of all available legal remedies in India to protect my interest.
- As regards the proceedings filed by SBI, I would like to emphasize that this also does not relate to any personal borrowing but arises out of a guarantee given for a loan which was availed by Reliance Communications and Reliance Infratel, way back in 2016 to repay the debts of Chinese and certain other Indian Banks.
- I am defending myself against these claims and firmly believe that upon the resolution of RCOM and RITL's debt as per their Resolution Plans filed before NCLT, a significant proportion, if not the whole, of the said debts will stand discharged and all these matters satisfactorily resolved.
- I wish to reassure you, my dear fellow shareowners, that none of these potential liabilities if any will have the slightest bearing whatsoever on the operations of your company, Reliance Infrastructure Ltd, or its bright future prospects.
- Let me also reassure you that my sole desire was to assist the RCom Group and not to make any personal gains. It was also to demonstrate my unflagging commitment to the best interests of all stakeholders.

#### **Current state of Power sector**

- As you all know, India's Power Sector has been going through a challenging phase.
- The sector continues to face challenges of low capacity utilization of thermal plants; subdued electricity demand; above target AT&C losses; below cost tariffs; precarious financial condition of Discoms which has led to ever mounting dues of generating and transmission companies and bankruptcy of a large number of thermal generation assets.
- Regulatory logjam in the sector is evident from long pendency of number of petitions / appeals, which do not reach finality, even after 6 to 7 years of legal proceedings.
- COVID has further aggravated financial crisis facing Discoms as the average realization and collections have fallen drastically and exacerbated liquidity challenges across the power supply chain.

## Current State of the Business

- Let me share update on our Power Generation business, which is an Essential Service to the Country
- I am happy to inform that power plants of Reliance Power remained fully operational, despite facing Covid-19 and lockdown challenges.
- R-Power continues to be one of India's top 3 private power generation companies with operating portfolio of around 6000 MW.
- PLF levels of our thermal power plants stood at 87% (Sasan & Rosa combined) compared to the national average of about 56% for the year ending March 2020
- Sasan, country's largest integrated power plant, with 3,960 MW generation capacity and 20 MTPA production capacity coal mine, has consistently been ranked as the best performing plant.
- During the year ending March-2020, the plant achieved highest PLF of 96% in the country, much above the next best plant's PLF of about 92%, a distinction achieved for the second successive year in its operational history of 5 years.
- During the year, Sasan coal mine handled 86 Million BCM of volume in terms of overburden & coal, retaining the distinction of the largest coal mine by volume handled in the country.
- With coal production of 18.7 Million Tonnes, Sasan coal mine is the largest private sector coal producer in the country.
- Sasan supplies power at a highly competitive tariff of Rs. 1.49 per unit to 7 states with 47 Crore people - Madhya Pradesh, Uttar Pradesh, Punjab, Haryana, Delhi, Rajasthan and Uttarakhand
- Reiterating our commitment to cleaner and greener power by reducing emissions, we are undertaking a capex of nearly Rs. 3,300 crore to install FGDs in our coal based plants.
- R-Power renewable projects operated with ~98 percent availability and delivered robust operating performance

- 600 MW Butibori Plant remained out of operation during the year due to operational and financial challenges resulting from protracted delays in issuance of regulatory orders and lack of fuel supply for one of the units
- Development of Phase-1 (750 MW) of gas based power project near Dhaka in Bangladesh is on track. The strength underlying this project stands further enhanced with partnership with JERA, the largest Power utility in Japan. R-Power concluded agreements with JERA to invest 49% equity in RBLPL (Reliance Bangladesh LNG & Power Limited) on 2<sup>nd</sup> September, 2019.
- I am happy to inform that Samalkot Power has signed an Equipment Supply Contract on 11<sup>th</sup> March 2020 to sell one module for development of the Phase-1 project in Bangladesh. The transaction will help Samalkot reduce the outstanding debt by nearly Rs. 1600 crore.
- Building on the momentum of Phase-1, our focus now is on the development of Phase-2 of 1500 MW in Bangladesh, in line with the MoU signed for development of 3000 MW gas based projects.

## CLOSING

- Dear Share owners, you will be pleased to learn that my colleagues at the Company have agreed upto 50% cut in compensation and I personally have decided to forego my commission and remuneration for the year. During lock-down of Covid 19, Company has made timely payment to all its employees.
- The Company has assets of Rs. 53,342 Crore, Net Worth of Rs. 11,868 Crore and Cash Flow from operating activities of Rs. 4,543 Crore.
- To address the liquidity challenges emerging from the lockdown and consequent economic impact, Reserve Bank of India (RBI) allowed banks to grant moratorium period for all principal and interest payments and permitted to defer recovery of interest applied on working capital facilities.
- We did not avail of Moratorium of debt in any of the SPVs as we consider availing of such Moratorium to be a financial penalty.
- R-Power continues to remain conservatively financed; with one of the lowest Debt: Equity ratio of ~ 2.4 : 1

- R-Power's focus will be on value accretive growth opportunities while remaining financially conservative and capital light - O&M services for power plants; MDO services for coal mines and recently launched commercial coal mining opportunities.
- I am confident that the true value of the business will be recognized in the markets soon.
- I am confident of the future prospect of your Company and would like to announce that the Promoters plan to increase the shareholding in the Company over time, in line with the applicable Regulatory guidelines

I look forward to seeing you in person hopefully at next year's AGM.

Thank You and Jai Hind!