

Management Discussion and Analysis

Forward Looking Statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in Government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements of the Company are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards specified under Section 133 of the Act. The management of Reliance Infrastructure Limited ("Reliance Infrastructure" or "RIInfra" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "RIInfra", "Reliance" or "Reliance Infrastructure" are to Reliance Infrastructure Limited and its subsidiary companies and associates.

Macroeconomic Overview

Indian Economic Environment

Global growth concerns weigh on the Indian economy after recovering from the transient impact of demonetization of high value currency notes in late 2016 and the impact of implementation of a country-wide Goods and Services Tax.

As per the Central Statistics Organization (CSO) second advance estimates, the GDP growth was revised from 6.7 per cent to 7.2 per cent in 2017-18 and grew by 6.8 per cent in 2018-19 as against expectation of 7 per cent per cent. Considering the multiple micro-macro factors, growth for 2019-20 has been revised downwards from 7.2 per cent to 7 per cent. In the union budget of 2019-20, the government has cited a further recapitalisation and consolidation of Public Sector banks, which shall subside the current crisis in the banking sector. In addition, Government continued with major reforms particularly in the field of corporate insolvency resolution via National Company Law Tribunal (NCLT route). Over 1000 cases have been referred to NCLT for faster resolution since its inception.

Inflation continued with its downtrend, with CPI averaging 3.4 per cent in 2018-19 versus 3.6 per cent in 2017-18. Lower food prices, decreasing core inflation and stabilisation in fuel prices have led to a softer inflation print. The country's reforms agenda has been showing external results as well. India has jumped 23 positions to become one amongst the top 100 countries in the "Ease of doing Business" ranking. Similarly, the improvement in the country's business environment has stabilized India's ranking in the global competitiveness index, prepared by the World Economic Forum, in 2018. Moody's retained India's Sovereign rating to Baa2 with a stable economic outlook.

About Reliance Infrastructure Limited

Reliance Infrastructure Limited is one of the largest infrastructure companies, developing projects through various Special Purpose Vehicles (SPVs) in several high growth sectors such as power, roads and metro rail in the infrastructure space, the defence sector and Engineering and Construction (E&C) sector. Reliance Infrastructure is ranked amongst India's leading private sector companies on all major financial parameters, including assets, sales, profits and market capitalization. The highlights of the performance of the Company during 2018-19 are furnished hereunder:

- Total Income of ₹ 21,910 crore (US\$ 3.15 billion)
- Net Loss of ₹ 2,427 crore (US\$ 348.95 million) Post one time exceptional items
- EBITDA of ₹ 6,792 crore (US\$ 976.55 million)
- Cash profit of ₹ 4,068 crore (US\$ 584.90 million)
- Consolidated Net Worth of ₹ 14,176 crore (US \$ 2.04 billion)

In order to optimise shareholder value, the Company continues to focus on in-house opportunities as well as selective large external projects for its E&C and Contracts Division. The E&C and Contracts Division (the E&C Division) order book position is at ₹ 28,640 crore (US\$ 4,117.85 million).

Fiscal Review

The Financials of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 (IndAS) prescribed under Section 133 of the Act.

The Company's total consolidated income for the year ended March 31, 2019 was ₹ 21,910 crore (US\$ 3.15 billion) as compared to ₹ 20,613 crore (US\$ 2.96 billion) in the previous financial year.

The total income includes earnings from sale of electrical energy of ₹ 16,300 crore (US\$ 2.34 billion) as compared to ₹ 15,513 crore (US\$ 2.23 billion) in the previous financial year.

During the year, interest expenditure decreased to ₹ 4,571 crore (US\$ 657.22 million) as compared to ₹ 5,204 crore (US\$ 748.23 million) in the previous year.

The capital expenditure during the year was ₹ 1,447 crore (US\$ 208.06 million), incurred primarily on modernizing and strengthening of the transmission and distribution network as also on road projects.

The total PPE as at March 31, 2019 stood at ₹ 9,366 crore (1.35 billion).

Reliance Infrastructure Limited

Management Discussion and Analysis

With a net worth of about ₹ 14,176 crore (US\$ 2.04 billion), Reliance Infrastructure is ranked as one of the top performing Indian Company amongst private sector infrastructure companies of India.

Details of significant changes in Key Financial Ratios and Return on Network

Pursuant to giving effect to the scheme of Arrangement for transfer of the Company's Mumbai Power Business with effect from April 1, 2018, the figures of the previous periods / year has been restated excluding the figures pertaining to Mumbai Power Business. Accordingly, the key financial ratios and return on net worth of the previous year are not comparable with the current financial year.

Monetisation of Assets and Debt Reduction

i. Sale of Mumbai Power Business

The Scheme of Arrangement between the Company and Reliance Electric Generation and Supply Limited (REGSL) and their respective shareholders (the 'Scheme') was sanctioned by the Hon'ble High Court of Bombay vide its orders dated January 19, 2017, January 31, 2017, November 20, 2017 and November 28, 2017. Upon receipt of requisite approvals from regulatory authorities and the lenders, the Scheme was given effect to on August 29, 2018 and, the Mumbai Power Business of the Company comprising integrated business of generation, transmission and distribution was vested in Reliance Electric Generation and Supply Limited (REGSL) with effect from April 1, 2018. Subsequently, pursuant to the Share Purchase Agreement the Company had entered into with Adani Transmission Limited (ATL), the sale of 100 per cent equity stake in REGSL to ATL was completed for a total transaction value of ₹ 18,800 crore. In this largest ever debt reduction for any company in power sector in India, out of the above deal proceeds, the Company reduced its overall debt by ₹ 13,800 crore.

ii. DA Toll Road

During the year, the Company has signed a binding Share Purchase Agreement with Cube Highways and Infrastructure III Pte Ltd. for its 100% stake in Delhi Agra (DA) toll road for an Enterprise Value of ₹ 3,600 crore including equity or equity linked instruments or debt of up to ₹ 1,700 crore. The entire sale proceeds would be utilized for debt reduction.

Operational and Financial Performance of Businesses

We present hereunder detail report of various business divisions during 2018-19.

A. The E&C Business

The E&C Division is a leading service provider of integrated design, engineering, procurement and project management services for undertaking turnkey contracts including coal-based thermal projects, gas-power projects, metro, rail and road projects.

The Division is equipped with the requisite expertise and experience to undertake E&C projects within the budgeted

cost and time frame, ensuring customer satisfaction in terms of quality and workmanship. The Division has constructed various greenfield projects in medium, large and mega categories over the last two decades.

Following major projects are currently under execution by the E&C Division.

a. Bithnok TPP (1 x250 MW) & Barsingar TPSE (1 x250 MW), Rajasthan (NLC)

RInfra has won a prestigious E&C order for ₹ 3,675 crore from NLC India Limited for setting up two lignite based CFBC thermal power projects with a capacity of 250 MW each on turnkey basis. The Letter of Award received on November 21, 2016 and Project Schedule is 40 months. Both plants are based on Circulating Fluidized Bed Combustion (CFBC) Technology.

b. 2 x 800 MW Uppur Thermal Power Project (Balance of Plant Packages), Tamil Nadu

RInfra has won an E&C order from TANGEDCO for Design, Engineering, Manufacture, Supply, ETC of BOP Package and allied Civil Works for 2 x 800 MW Thermal Power project in the state of Tamil Nadu. The Letter of Award was received on February 21, 2018 and project is expected to be completed within 36 months.

c. Design & E&C of Common Services Systems, Structures & Component for Kudankulam Nuclear Power (KKNP) -3&4

E&C contract for common services systems, structures and components at KNPP Unit 3 &4 from Nuclear Power Corporation Ltd (NPCIL). The Letter of Award was received on April 05, 2018 and project is expected to be completed in 56 months.

d. Mumbai Metro Line 4- Packages 8, 10 & 12.

E&C contract for elevated viaduct for Mumbai Metro Rail Project (Wadala-Kasarvadavali 3 packages of Line-4 Corridor: CA-08 length 6.4 Km from Bhakti Park to Amar Mahal Junction, CA-10 length 6.7 Km from Gandhi Nagar to Sonapur & CA-12 length 6.8 Km from Kapurbawdi to Kasarvadavali). This project is a joint venture of RInfra with Astaldi. The Letter of Award was received on April 12, 2018 and project is expected to be completed in 30 months.

e. Versova- Bandra Sea Link

E&C contract for Design and Construction of Versova-Bandra Sea Link including development of connectors and improvement of proposed junction from Maharashtra State Road Development Corporation (MSRDC). This project is a joint venture of RInfra with Astaldi. The Letter of Award was received on May 5, 2018 and project is expected to be completed in 60 months. Reliance- Astaldi JV has signed an agreement with MSRDC on September 4, 2018 for construction of this prestigious Versova - Bandra Sea link.

Management Discussion and Analysis

f. PS Toll Road

National Highway Authority of India (NHAI) has awarded the contract for development, maintenance and management of Pune and Satara. The existing lane is 4 lane road which has to be widened to 6 lane covering length of 140 Km. RInfra is executing the contract for construction of PS Toll Road. Overall 97% financial progress has been achieved.

g. DA Toll Road

NHAI has awarded the contract for development, maintenance and management of Delhi Agra section of National Highway (NH)-2 covering a length of 180 Km. RInfra is executing the contract for construction of DA Road. Overall 97% progress has been achieved.

h. Vikkaravandi to Pinalur-Sethiyahopu section of NH-45C in the State of Tamil Nadu

The Project is awarded by NHAI for Improvement & Augmentation of Four Laning from Vikkaravandi to Pinalur-Sethiyahopu section of NH-45C in the State of Tamil Nadu under NHDP-IV. The length of road is 66 Km. The letter of award was received on March 24 ,2017 and project is expected to be expected in 24 months.

i. Six laning of highway from Aurangabad to Bihar-Jharkhand Border, Bihar

RInfra has won an E&C order from NHAI for "Six Laning of Highway from Aurangabad to Bihar-Jharkhand Border (Chordaha) section of NH-2 from 180.000 Km to 249.525 Km in the state of Bihar under NHDP Phase-V". The length of six laning of highway is 69.525 Km. The letter of Award received on January 25, 2018 and project is expected to be completed in 24 months.

j. Six laning of highway from Bihar-Jharkhand Border to Gorhar , Jharkhand

RInfra has won an E&C order from NHAI for "Six Laning of Highway from Bihar-Jharkhand Border(Chordaha) to Gorhar section of NH-2 from 249.525 Km to 320.810 Km in the state of Jharkhand under NHDP Phase-V". The length of six laning of highway is 71.285 Km. The letter of Award was received on January 31, 2018 and project is expected to be completed in 30 months.

k. Four laning and construction of twin tube six-lane tunnel at Kashedighat, Maharashtra

RInfra in JV with CAI-Ukraine has won an E&C order from MoRTH for "Rehabilitation and Upgradation of KashediGhat section of NH-17 (New NH-66) to four

lanes with paved shoulders from existing 148.0 Km to 166.600 Km including construction of twin tube six-lane tunnel in the state of Maharashtra on E&C Mode under NHDP-IV ". The Letter of Award was received on March 29, 2018 and project is expected to be completed in 30 months.

l. Nagpur Mumbai Super communication expressway - Package 7

RInfra has won an E&C order from Maharashtra State Road Development Corporation (MSRDC) for construction of access controlled Nagpur - Mumbai Super Communication Expressway (Maharashtra SamruddhiMahamarg) in the state of Maharashtra on E&C mode for package 07, from 296.000 Km to 347.190 Km (section - village Banda to village Sawargaon mal) in district Buldhana. The Letter of award was received on August 30, 2018.

B. Delhi Power Distribution Companies

The Company has two major subsidiary companies i.e. BSES Rajdhani Power Limited (BRPL) serving South and West Delhi and BSES Yamuna Power Limited (BYPL) serving East and Central Delhi (Delhi Discoms).

During the year, Delhi Discoms registered an aggregate income of ₹ 16,244 crore (BRPL ₹ 10,335 crore and BYPL ₹ 5,909 crore) against ₹ 15,344 crore in the previous year (BRPL ₹ 9,684 crore and BYPL ₹ 5,660 crore), which is an increase of 5.9 percent over last year. Overall aggregate power purchase cost during the year increased to ₹ 11,407 crore (BRPL ₹ 7,558 crore and BYPL ₹ 3,849 crore) from ₹ 10,394 crore (BRPL ₹ 6,927 crore and BYPL ₹ 3,467 crore), an increase of 9.7 per cent. Other operating expenses are in line with cost control objectives of Discoms, which were achieved by following stringent budgetary control, rigorous monitoring of all expenses and commercial processes. The aggregate capital expenditure incurred during the year amounted to ₹ 972 crore (BRPL ₹ 685 crore and BYPL ₹ 287 crore) for up-gradation, strengthening and modernization of the distribution system. The aggregate net block including Capital Work in Progress stood at ₹ 6,720 crore (BRPL ₹ 4,387 crore and BYPL ₹ 2,333 crore).

The total number of customers in Delhi grew by 3 per cent to 42.5 lakh (BRPL 25.6 lakh and BYPL - 16.9 lakh) in 2018-19 from 41.2 lakh (BRPL- 24.7 lakh and BYPL - over 16.5 lakh) in 2017-18. During the year, Delhi Discoms delivered the System Reliability of over 99.9 per cent. The AT&C loss declined to 8.06 per cent from 9.42 per cent last year for BRPL and 8.98 per cent from 10.41 per cent last year for BYPL. Corresponding Transmission and Distribution (T & D) loss for the year stood at 8.30 per cent and 9.31 per cent respectively.

During the year, the Delhi Discoms serviced the peak demand of 4,642 MW

BRPL			BYPL			BSES Combined		
2018-19	2017-18	Growth	2018-19	2017-18	Growth	2018-19	2017-18	Growth
3,081	2,745	12%	1,561	1,459	7%	4,642	4,204	10%

Reliance Infrastructure Limited

Management Discussion and Analysis

The following are the key regulatory updates:

Delhi Electricity Regulatory Commission (DERC) vide its tariff order dated 28.03.2018 done true-up of FY 2016-17 and approved tariff schedule for 2018-19. The key highlights of the tariff order include rationalization of tariff by increasing the fixed charges and reducing the energy charges, allowance of suo-moto levy of PPAC at 4.50% with requirement of prior approval only for PPAC exceeding 5 per cent for any quarter, increase of Pension trust surcharge to 3.80 per cent from earlier 3.70 per cent, retaining 8% RA Surcharge towards recovery of accumulated deficit and Implementation of part Appellate Tribunal Judgments.

C. Power Transmission Business

a. Parbati Koldam Transmission Company Limited (PKTCL)- This project is a joint venture of RInfra (74 per cent) with Power Grid Corporation of India Limited (26 per cent) under build, own and operate basis. It has been developed under a cost plus tariff model which includes construction, maintenance and operation of 400 kV transmission lines evacuating power from Power Plants situated in Himachal Pradesh viz 800 MW Parbati-II and 520 MW Parbati-III Hydro Electric Project (HEP) of NHPC, 800 MW Koldam HEP project of NTPC and 100 MW Sainj HEP of HPPCL with total line length of 457 circuit kms. The power evacuated from the HEPs is utilized by the northern region states of Uttar Pradesh, Rajasthan, Punjab, Haryana, Jammu and Kashmir, Himachal Pradesh, Delhi, Chandigarh and Uttarakhand. PKTCL has had an excellent track record in its project execution and consequent favourable orders from the Central Electricity Regulatory Commission (CERC) which has issued the final tariff orders to PKTCL, allowing the full cost as claimed in its transmission tariff petitions. In spite of the treacherous terrain, all lines are being operated successfully, maintaining an average availability of 99.75 per cent for 2018-19. PKTCL has maintained AA+/Stable Rating on Company's Term Loan. The Company is in advance stages of transferring its 74 per cent stake in the project to Adani Transmission Limited, subject to necessary approvals.

b. North Karanpura and Talcher II Transmission Companies - The North Karanpura Transmission Project is on build, own, operate and maintain basis which involves construction of three 765 kV transmission lines of length of about 800 Km and two 400 kV transmission lines of length of about 240 Km. These lines would connect Lucknow, Bareilly, Meerut, Agra, Gurgaon, Sipat and Seoni. The project also involves construction of one 400/220 kV GIS substation at Gurgaon. Talcher II Transmission Company Limited is on build, own, operate and maintain basis which involves construction of three 400 kV double circuit transmission lines of 670 Km. These lines would connect Talcher, Rourkela, Behrampur and Gazuwaka. One substation of 400/220 kV at Behrampur is also in the scope of execution of the project. Because of the delay in receipt of enabling regulatory clearances to start construction in both the above projects, the Companies had filed a petition with CERC seeking compensation based on force majeure events and relief measures in terms of tariff escalation and time extension for project

completion. The CERC order in the matter was challenged by the Companies in Appellate Tribunal for Electricity (APTEL), which was further challenged by beneficiaries in the Hon'ble Supreme Court. The case is subjudice and is currently with the Hon'ble Supreme Court. Another petition filed by Power Grid Corporation of India Limited against license revocation order of CERC was disposed off by APTEL and the Companies was directed to go back to CERC for a fresh treatment - including (but not limited to) the aspect of the very necessity of the project. NKTCL filed a petition in CERC for redressal of grievances and a stay order for no coercive action against the BGs has been granted by CERC.

D. IT Projects

a. Bihar State Power Holding Co. Ltd (BSPHCL)

RInfra has been appointed as IT implementing agency (ITIA) under part-A of R-APDRP to provide solutions for 17 modules covering project area of 71 towns in Bihar. As on date, all the 67 towns (excluding 4 DF towns) has been declared live Facility Management Support (FMS) for 5 years has already begun and Third Party Independent Evaluation Agency (TPIEA) audit has successfully been completed. Utility has closed the project with PFC for conversion of loan to grant.

Bihar State Power (Holding) Company Ltd. & RInfra as an SI (System Integrator) have been declared as winners of the "SAP ACE award 2016" under the category "Nation Building through SAP Solution" in recognition of exemplary innovative solution for the implementation of "SAP IS-U and mobile phone- based spot billing" for Government of India's Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in Bihar State.

b. Chattisgarh State Power Distribution Co. Ltd (CSPDCL)

RInfra has been appointed as IT implementing agency (ITIA) under part-A of R-APDRP to provide solutions for 14 modules covering project area of 20 towns in Chattisgarh.

All the 20 towns in scope have been declared live and currently we are in the 4th year of Facility Management Support (FMS). TPIEA (Third Party Independent Evaluation Agency) Audit is also successfully completed.

E. Roads Projects

All road projects are revenue operational which are majorly urban centric roads in high traffic density corridors and on Golden Quadrilateral spread across six states in India.

a. NK Toll Road Limited

NK Toll Road is engaged in widening of 2-lane to 4-lane portion from 258.65 Km (End of Namakkal Bypass) to 292.60 Km (Start of Karur Bypass), covering 33.48 Km on the NH 7 in Tamil Nadu. Moreover, the improvement, operation and maintenance of 248.63 Km (start of the flyover on Namakkal Bypass) to 258.65 Km (end of Namakkal Bypass) on the NH 7, on a BOT basis. The project commenced commercial operations in August 2009.

Management Discussion and Analysis

b. DS Toll Road Limited:

The project stretch of 53 Km long 4-lane dual carriageway of 15 stretches on BOT and annuity basis, which included, inter alia, the package for design, construction, development, finance, operation and maintenance of 373.275 Km (Start of flyover at Dindigul bypass) to 426.6 Km (Samyanallore) on NH-7 in Tamil Nadu, is in operation since September 2009.

c. TD Toll Road Private Limited

The project stretch of 87 Km long 4 lane NH 45 road is in operation since January 2012 and provides connectivity to Tiruchy and Dindigul in Tamil Nadu.

d. TK Toll Road Private Limited

TK Toll Road Project was for strengthening and maintenance of the existing carriageway from 135.80 Km to 218.00 Km, on the Trichy – Karur section of the NH 67 in Tamil Nadu, on a BOT basis. The project commenced commercial operations in February 2014 for 61 Km long 4 lane NH 67 road.

e. SU Toll Road Private Limited

SU Toll Road project was envisaged to strengthen and maintain the existed carriageway from 0.31 Km to 136.67 Km, on the Salem – Ulundurpet section of NH 68 in the State of Tamil Nadu and widen the roads from two to four lanes, on a BOT basis. The project commenced commercial operations in July 2012 and 3rd toll plaza was put in operation in September 2013. The project stretch is a 136 Km long 4 lane NH 68 road from Salem to Ulundurpet in Tamil Nadu.

f. GF Toll Road Private Limited

GF was engaged to upgrade the existing road from 0.00 Km to 24.31 Km on the section of the Gurgaon – Faridabad road, 0.00 Km to 6.10 Km of the section of the MCF road, 0.00 Km to 3.10 Km of the section of the Crusher Zone road, 0.00 Km to 28.58 Km of the section of the Ballabhgarh – Lukhawas junction road and 0.00 Km to 4.10 Km of the section of the Pali – Bhakri road.

g. JR Toll Road Private Limited

JR Toll Road project was set up with the objective to design, build and operate 52.65 Km long 4 lane NH11 road connecting Reengus in northern part of Rajasthan to the State's Capital, Jaipur.

h. HK Toll Road Private Limited

HK Toll Road project was envisaged for Strengthening and widening of the 59.87 Km stretch (from 33.130 Km to 93.000 Km) of the Hosur – Krishnagiri on NH – 7 from existing 4-lanes to 6-lanes as BOT (Toll) on design, build, finance, operate and transfer (DBFOT) pattern in Tamil Nadu.

i. PS Toll Road Private Limited

PS Toll Road project was envisaged to expand the

725.00 Km to 865.35 Km, Pune – Satara section of the NH 4, which in turn forms part of the Golden Quadrilateral, in Maharashtra, on a DBFOT basis. The project was set up with the objective to design, build and operate 140 Km long 6 lane between Pune and Satara in Maharashtra. Tolling on the project started in October 2010.

j. DA Toll Road Private Limited

DA Toll Road project envisaged to expand a portion of the NH 2 in Haryana and Uttar Pradesh from 20.500 Km to 200.00 Km, widening the existing four lanes to six, on design, build, finance, operate and transfer (DBFOT) basis. The project was set up with the objective to design, build and operate 180 Km long 6 lane between Delhi and Agra in Uttar Pradesh. Tolling on this road commenced in October 2012 and the construction work is in full swing.

F. Mumbai Metro One Private Limited (MMOPL)

The Mumbai Metro Line-1 project of the Versova-Andheri-Ghatkopar corridor was awarded by the Mumbai Metropolitan Region Development Authority (MMRDA) through global competitive bidding process on Public Private Partnership (PPP) framework to the consortium led by the Company for 35 year period including construction period. Due to the complex challenges of the project, Mumbai Metro line 1 can be hailed as one of the most prestigious infrastructure projects.

MMOPL, Special Purpose Vehicle for the project is in its 5th year of commercial operation and continues to provide world class public infrastructure to city of Mumbai and has served more than 546 million customers from inception. Currently, on weekdays an average of over 4.3 lakh commuters per day use services of the metro, making it the busiest metro in India and 8th densest metro in the world.

MMOPL has continued to achieve excellence in the field of public transport operation. It has been achieving near 100 per cent train availability and 99.9 per cent on time performance since commercial operation. Rolling Stock and Civil Maintenance process of Mumbai Metro One are certified as ISO 9001. Currently, the trains are being operated from 5:30 A.M. to midnight with a highest frequency of 3 minutes 22 seconds in peak hours. This year, MMOPL carried 134.1 million passengers as against 118.4 million in the previous year, with corresponding number of train trips of 1,32,790 and 1,25,894 respectively, thus improving the utilization by 7.4 per cent.

Metro one has partnered with Brihan Mumbai Electric Supply and Transport (BEST) and App based taxi services for providing last mile connectivity to commuters. Also for increasing the customer engagement with metro, the Company has successfully organized event such as "Majhi Metro" and "My Metro My Story".

Mumbai Metro one is pushing up its non fare revenue through major initiatives such as station branding rights (SBR), telecom infrastructure development, retail area

development, train wraps, payment alliances etc. Station branding rights for Ghatkopar as Vivo Ghatkopar station and Andheri as Bank of Baroda Andheri station are already pumping into the non fare revenue stream of the company. During the year, station branding work of Marol Naka station has been also successfully executed.

MMOPL launched a unique loyalty program for its passengers, by which travelers can earn points for the distance travelled in metro and redeem the same for offers. Travelers are offered free accidental insurance of ₹ 4.5 Lacs and exclusive discount offers from retailers and big brands along metro alignment. This year, MMOPL also launched a cash back scheme for passengers on recharge of 'Store Value Pass', making Mumbai metro one the first metro in the country to do so.

For its customer centricity and incessant pursuit to enhance customer experience, MMOPL was awarded by reputed industry body with "Customer Obsession Award 2018" in the "Active Customer Engagement" category.

G. Major Associate Company – Reliance Power Limited

Reliance Power Limited (RPower), an associate company in which the Company holds 29 per cent of the total equity stake, has one of India's largest portfolios of private power generation and resources under development. The portfolio of RPower comprises of multiple sources of power generation – coal, gas, hydro, wind and solar energy. The Company also operates a 20 mtpa capacity coal mine in Singrauli, Madhya Pradesh and is developing coal mines in Indonesia. RPower currently has an operational capacity of 5,945 MW comprising of 5,760 MW of thermal capacity and 185 MW of capacity in renewable energy. The operational thermal capacities include the 3,960 MW Sasan Ultra Mega Power Projects (UMPP) in Madhya Pradesh – the largest integrated power plant and coal mining project in the world. Coal for the project is being mined from the Moher and Moher-Amlohri captive mines. Sasan UMPP operated at highest ever Plant Load Factor (PLF) of 95 per cent in its fourth year of full operations since its commercial operations date, vis-a-vis previous year PLF of 92 per cent. Coal production from Moher and Moher – Amlohri captive mines in 2018-19 was 18 million tonnes. RPower also owns and operates the 1,200 MW Rosa power plant in Uttar Pradesh and the 600 MW Butibori power plant in Maharashtra. Rosa generated 4341 million units and Butibori generated 2213 million units in FY19. In the renewable energy space, RPower operates a 40 MW photovoltaic solar plant and 100 MW thermal solar plant in Rajasthan and a 45 MW wind farm in Maharashtra.

Human Resources

In a business environment and marketplace that continuously changes, the major competitive advantage for a leading organization hinges upon skills, experience and engagement with its employees. At RInfra, Human Resource (HR) drives organizational performance by harnessing unique capabilities of developing robust systems, processes and an engaging work environment fostering critical skill development, improving employee experience and enhancing employee engagement. As a strategic enabler and business partner, HR strongly focuses on organizational development and employee engagement to

accelerate our businesses with ability, agility and adaptability. Innovation and alignment of HR practices with business needs and total commitment to the highest standards of corporate governance, performance excellence, business ethics, employee engagement, social responsibility and employee satisfaction has led our organization to evolving a work environment that nurtures empowerment, meritocracy, transparency and ownership. As on March 31, 2019, the Reliance Infrastructure Group had nearly 6,000 employees on roll.

The Company's strong foundation of policies and processes ensures health, safety and welfare of its employees. Rigorous practical training on safety and extensive safety measures like job safety assessment and safe construction techniques at project sites have been undertaken by the Company for its employees. Throughout the year, the Company organized several medical camps, sports and cultural activities for employees and their families. The Company has established harmonious industrial relations, proactive and inclusive practices with all employee bodies.

Risks and Concerns

The Company's power generation, transmission and distribution facilities are located in India and virtually, all of the Company's revenues including those from the E&C division are derived from the domestic market. Over the years, the Company has made significant investments in various infrastructure sectors like Mumbai Metro, Roads and also in Defence. These sectors may potentially expose the Company to the risk of any adverse impact to the national economy and any adverse changes in the policies and regulations. The Company closely monitors the Government's policy measures to identify and mitigate any possible business risks.

Generation of power at the Company's power stations face headwinds due to various factors including non-availability of fuel, grid disturbances and such other factors of load management in the grid. The Company has entered into agreements with fuel suppliers for adequate supply of fuel, thus mitigating the fuel availability risk. To remain unaffected by the grid differences, there exist systems to island its power stations from the grid. In the distribution business, the consumer tariffs are regulated by respective State Electricity Regulatory Commissions. Any adverse changes in the tariff structure could have an impact on the Company. However, the Company endeavours to achieve the highest efficiency in its operations and has been implementing cost reduction measures in order to enhance its competitiveness. There is also a risk of rising competition in the supply of electricity in the licensed area of the Company. The Company has built a large and established distribution network that is difficult to replicate by potential competitors and shall endeavor to provide reliable power at competitive costs, with the highest standards of customer care to meet the threat of competition. Infrastructure projects are highly capital intensive, run the risks of (i) longer development period than planned due to delay in statutory clearances, delayed supply of equipments or non-availability of land, non-availability of skilled manpower, etc., (ii) financial and infrastructural bottlenecks, (iii) execution delay and performance risk resulting in cost escalations. The past experience of the Company in implementing projects without significant time overruns provides confidence about the timely completion of these projects. On the finance side, any adverse movement in the value of the domestic currency may increase

Management Discussion and Analysis

the Company's liability on account of its foreign currency denominated external commercial borrowings in rupee terms. The Company undertakes liability management on an ongoing basis to manage its foreign exchange rate risks.

In the E&C business, most of the ongoing projects are nearing completion or are already completed. The Company has to expand the E&C contracts by bidding for projects across power, transport infrastructure, civil infrastructure, defence, etc.

In defence business, the Company through its Special Purpose Vehicle (SPV) has received licences for production of defence equipment under the aegis of 'Make in India' initiative of the Government. The Company faces significant concentration risks as the Government of India is the sole customer for most of the defence equipments initially. The Company has recruited experienced professionals for implementing the projects within the framework of the policies and regulations being formulated by the Government for private sector participation in the defence industry.

Risk Management Framework

The Company has a defined risk policy and risk management framework for all units, functional departments and project sites. This helps in identifying, assessing and mitigating the risk that could impact the Company's performance and achievement of its business objectives. The risks are reviewed on an ongoing basis by respective business heads and functional heads across the organization. The risk review and assessment is carried out on quarterly basis by the Risk Management Committee (RMC) of the Board comprising of all independent directors of the Company and senior executives.

Internal Control Systems

The Company has an adequate system of management supervised internal financial control which is aimed at achieving efficiency in operations, optimum utilization of resources, and compliance with all applicable laws and regulations. The internal financial control mechanism comprises a well-defined organization structure, predetermined authority levels with segregation of duty, risk assessment and management framework. The Company's policies and standard operating procedures are well documented and have various ISO and OHSAS certifications. The Company adopts Control Self Assessment (CSA) process whereby assurance on the effectiveness of internal financial controls is obtained and continuously monitored by functional experts and listed by internal auditors during the course of their audit. Professional internal audit firms review the systems and processes of the Company and is helpful in providing independent and professional opinion on the internal control systems. The Audit Committee of the Board reviews the internal audit reports, adequacy of internal controls and risk management framework periodically.

Opportunities

The Infrastructure Sector

Infrastructure sector plays an important role in the growth and development of Indian economy. The Government has set investment target of ₹ 100 trillion over next 5 years in the infrastructure space which could trigger a massive rebound in this sector.

Threats

Main threat is continuing slowdown in the economy, underscoring the need for coordinated monetary and fiscal policy actions. Further constrained government revenue streams may curtail planned investment in infrastructure. Looming trade wars could result in depreciating Indian Rupee and lower foreign direct investments.

Corporate Social Responsibility

Various Divisions of the Company actively participated in several corporate social responsibility (CSR) initiatives mainly in the areas of education, healthcare, welfare programmes for tribal development, skill development and training, cleanliness drive such as Swatchh Bharat, promotion and protection of environment, etc. in line with the CSR Policy of the Company.

A few of the significant CSR interventions and initiatives were as under:

Roads Business

- Eye screening camps: Health checkup camps with a major focus on eye screening was organized at schools in the nearby villages and at some of the toll plazas.
- Awareness programme on Road Safety to highways to create awareness on road safety.
- Pulse polio Immunization programs were organized at toll plazas on the highway stretch.
- Blood donation camps were organized in FY 19.
- **Green Highways:** The Union Ministry of Road Transport and Highways has framed the Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy-2015 with a vision to develop eco-friendly National Highways with participation of concerned stakeholders. Under this Policy, we have undertaken plantation and landscaping work activities in operational projects. For the projects under development, the avenue plantation and median plantation are being done as per the direction of NHAI. RInfra road business has covered approximately 630 Km of area under avenue plantation and approximately 500 Km under tree plantation in the median plantation and the same is maintained regularly.
- **Swachh Bharat Abhiyaan:** Cleanliness drives were conducted around the company plant and offices and the neighboring localities with an objective to create a clean and healthy work place. The roads business toll plazas and project highway inculcated the concept of cleanliness and hygiene by putting Placards and Signage's in Public areas for not spitting, littering, placements of dustbins, maintenance of toilets and way side amenities / user facility to encourage commuters to use them and not to spoil the Highway or Toll Plaza area.

Delhi Power Business

- Women Literacy Centers for literacy enhancement in low income residential clusters.
- Vocational Training Centers.
- Health Camps including Eye checkup, Blood Donation, Tobacco De-addiction etc. Renovation of toilets in Government schools.

Management Discussion and Analysis

- Energy conservation awareness program in schools.
- Maintenance activity such as White- wash & painting job at Crematoria areas
- Clothes Donation

Daycare Oncology Centres

With a mission to bridge every gap in the healthcare delivery system in Mumbai and Western India, Day care Oncology centres are being set up by the Company with support from Mandke Foundation at different parts of Maharashtra. We have initiated the project at Akola and Jalna District of Maharashtra to provide medical, radiation, chemotherapy and surgical oncology to rural populace who have remained outside the ambit of cancer care because of financial and geographic obstacles in a phase wise manner. During the year, the Company launched the Oncology centre at Akola in December 2018 which was inaugurated by Hon'ble Chief Minister of Maharashtra, Shri Devendra Fadnavis. This centre would provide day care cancer treatment like chemotherapy, radiation and diagnostics besides consultation and telemedicine.

Remedial Education Centres for urban slum youth

The Company, along with Ruchika Social Service Organization, Bhubaneswar, Odisha, runs remedial centres at 20 slum pockets in Bhubaneswar wherein needy/drop out students are given individual attention before and after regular school hours to mainstream them with their peers.

Outlook

The economy is witnessing a slowdown with indicators of industrial production, auto sales and exports having shown sluggishness. We believe Indian economy would gain traction in the latter part of 2019-20.

While the Indian economy has regained the tag of the 'fastest growing economy', factors such as balancing forces on the economic front, corporate earnings recovery, visible benefits from recent government-initiated reforms, uptick in rural consumption and digitization would help in reviving the growth.