

To the Members of Reliance Infrastructure Limited

Report on the Audit of the Standalone Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying standalone financial statements of Reliance Infrastructure Limited ("the Company"), which comprise the standalone balance sheet as at 31 March, 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

We do not express an opinion on the accompanying standalone financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

Basis for Disclaimer of Opinion

We refer to Note 40 to the standalone financial statements which describes that the Company has investments in and has various amounts recoverable from a party aggregating ₹ 7,082.96 crore (net of provision of ₹ 3,972.17 crore) (₹ 10,936.62 crore as at 31 March 2018, net of provision of ₹ 2,697.17 crore) comprising inter-corporate deposits including accrued interest / investments / receivables and advances. In addition, the Company has provided corporate guarantees during the year aggregating to ₹ 1,775 crore (net of corporate guarantees aggregating to ₹ 5,010.31 crore cancelled subsequent to the balance sheet date) in favour of the aforesaid party towards borrowings of the aforesaid party from various companies including certain related parties of the Company.

According to the Management of the Company, these amounts have been mainly given for general corporate purposes and towards funding of working capital requirements of the party which has been engaged in providing Engineering, Procurement and Construction (EPC) services primarily to the Company and its subsidiaries, its associates and its joint venture. We were unable to obtain sufficient appropriate audit evidence about the relationship of the aforementioned party with the Company, the underlying commercial rationale/purpose for such transactions relative to the size and scale of the business activities with such party and the recoverability of these amounts. Accordingly, we were unable to determine the consequential implications arising therefrom and whether any adjustments, restatement, disclosures or compliances are necessary in respect of these transactions, investments and recoverable amounts in the standalone financial statements of the Company.

Material Uncertainty Related to Going Concern

We draw attention to Note 41 to the standalone financial statements. The factors, more fully described in the aforesaid Note, relating to losses incurred during the year and certain loans for which the Company is guarantor indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Emphasis of matter

- a. We draw attention to Note 38 to the standalone financial statements regarding the Scheme of Amalgamation (the "Scheme") between Reliance Infraprojects Limited (wholly owned subsidiary of the Company) and the Company sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 30 March 2011, wherein the Company, as determined by the Board of Directors is permitted to adjust foreign exchange gain credited to the standalone statement of profit and loss by a corresponding credit to general reserve which overrides the relevant provisions of Indian Accounting Standard 1 *Presentation of financial statements*. Pursuant to the Scheme, foreign exchange gain of ₹ 192.24 crore for the year ended 31 March 2019 has been credited to standalone statement of profit and loss and an equivalent amount has been transferred to general reserve.
- b. We draw attention to Note 39 to the standalone financial statements, wherein pursuant to the Scheme of Amalgamation of Reliance Cement Works Private Limited with Western Region Transmission (Maharashtra) Private Limited (WRTM), wholly owned subsidiary of the Company, which was subsequently amalgamated with the Company with effect from 1 April 2013, WRTM or its successor(s) is permitted to offset any extraordinary/exceptional items, as determined by the Board of Directors, debited to the statement of profit and loss by a corresponding withdrawal from general reserve, which overrides the relevant provisions of Indian Accounting Standard 1 *Presentation of financial statements*. The Board of Directors of the Company in terms of the aforesaid Scheme, determined an amount of ₹ 6,616.02 crore for the year ended 31 March 2019 as exceptional items comprising various financial assets amounting to ₹ 5,354.88 crore and loss on sale of shares of Reliance Power Limited, (RPower), an associate company pursuant to invocation of pledge of ₹ 1,261.14 crore. The aforesaid amount of ₹ 6,616.02 crore for the year ended 31 March 2019 has been debited to the standalone statement of profit and loss and an equivalent amount has been withdrawn from general reserve.

Had the accounting treatment described in paragraphs (a) and (b) above not been followed, loss before tax for the year ended 31 March 2019 would have been higher by ₹ 6,423.78 crores and General Reserve would have been higher by an equivalent amount.
- c. We draw attention to Note 7(a) to the standalone financial statements which describes the impairment assessment performed by the Company in respect of its investment of ₹ 5,231.18 crore and amounts recoverable aggregating to ₹ 1,219.63 crore in RPower as at 31 March 2019 in accordance with Indian Accounting Standard 36

Independent Auditor's Report on the Standalone Financial Statements

Impairment of assets / Indian Accounting Standard 109 Financial Instruments. This assessment involves significant management judgment and estimates on the valuation methodology and various assumptions used in determination of value in use/fair value by independent valuation experts / management as more fully described in the aforesaid note. Based on management's assessment and the independent valuation reports, no impairment is considered necessary on the investment and the recoverable amounts.

Our opinion is not modified in respect of the above matters.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act 2013 ("Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our responsibility is to conduct an audit of the standalone financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

We are independent of the Company in accordance with the Code of Ethics and provisions of the Act that

are relevant to our audit of the standalone financial statements in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Act.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, and except for the possible effects, of the matter described in the Basis for Disclaimer of Opinion section, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by section 143(3) of the Act, we report that:
 - a) As described in the Basis for Disclaimer of Opinion section, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Due to the effects / possible effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) Due to the effects / possible effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state whether the financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
 - e) The matter described in the Basis for Disclaimer of Opinion section and going concern matter described in the material uncertainty related to going concern may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of section 164(2) of the Act.
 - g) The reservation relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer Opinion section.
 - h) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- Except for the possible effects of the matter described in the Basis for Disclaimer of Opinion section, the Company has disclosed the impact of pending litigations as at 31 March, 2019 on its financial position in its standalone financial statements - Refer Note 32 to the standalone financial statements.
 - Except for the possible effects of the matter described in the Basis for Disclaimer of Opinion section, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - Other than for dividend amounting to ₹ 0.05 crore pertaining to the financial year 2010-2011 which could not be transferred on account of pendency of various investor legal cases, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March, 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W /W-100022

For **Pathak H.D. & Associates**
Chartered Accountants
Firm's Registration No:107783W

Bhavesh Dhupelia
Partner
Membership No: 042070

Vishal D. Shah
Partner
Membership No:119303

Date : June 14, 2019
Place : Mumbai

Date : June 14, 2019
Place : Mumbai

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of Reliance Infrastructure Limited on the Standalone financial statements for the year ended March 31, 2019

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical assets were noticed on such verification.
 - According to the information and explanations given to us and on the basis of our examination of the registered sale deeds / transfer deeds / conveyance deeds / possession letters / allotment letters and other relevant records evidencing title/possession provided to us, we report that, the title deeds of all the immovable properties comprising of land and buildings other than self-constructed properties recorded as Property, Plant and Equipment, which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of Land and Building	Total number of cases	Gross Block as on March 31, 2019 (₹ Crore)	Net Block as on March 31, 2019 (₹ Crore)	Remarks
Freehold land at various locations	2	18.60	18.60	The title deeds are in the names of erstwhile companies that merged with the Company under Section 391 to 394 of the Companies Act, 1956 pursuant to Schemes of Amalgamation as approved by the Hon'ble High Courts.
Freehold land at Hyderabad	1	4.16	4.16	Title deeds are not available with the Company.

Annexure A to Auditors' Report

In respect of immovable properties comprising of land and buildings that have been taken on lease and disclosed as Property, Plant and Equipment in the standalone financial statements, the lease agreements or other relevant records are in the name of the Company, except the following:

Particulars of Land and Building	Total number of cases	Gross Block as on March 31, 2019 (₹ Crore)	Net Block as on March 31, 2019 (₹ Crore)	Remarks
Leasehold land at various locations	3	0.35	0.30	The lease agreements are in the names of erstwhile companies that merged with the Company under Section 391 to 394 of the Companies Act, 1956 pursuant to Schemes of Amalgamation as approved by the Hon'ble High Courts.
Leasehold land at MIDC	1	0.02	0.01	Lease agreement is not available with the Company.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) In our opinion and according to the information and explanations given to us, except for the matter referred to in the Basis for Disclaimer of Opinion section in the audit report in respect of which we are unable to comment for the reasons described therein, the Company has not granted any loans, secured or unsecured, to any company, firm, limited liability partnerships or other party covered in the register maintained under Section 189 of the Act.
- (iv) Based on the information and explanations given to us in respect of loans, investments, guarantees and securities, except for the matter referred to in the Basis for Disclaimer of Opinion section in the audit report in respect of which we are unable to comment for the reasons described therein, the Company has complied with the provisions of Section 185 and 186 of the Act, to the extent applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of Generation of electricity services where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues as applicable except for dues towards tax deducted at source, electricity duty on consumption of electricity, and tax on sale of electricity where there have been significant delays in depositing such dues in a large number of cases. Further, the Company has not paid until date dividend distribution tax payable in respect of dividend declared during the year.
- (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income tax, duty of customs, goods and services tax and cess as at March 31, 2019 which were outstanding for a period of more than six months from the date they became payable, except for the following dues:

Name of the statute	Nature of the dues	Amount (₹ Crore)	Period to which the amount relates	Due Date	Date of Payment
Income-tax Act, 1961	Dividend Distribution Tax	50.48*	2017-18	September 18, 2018	Not yet paid

*Including interest of ₹ 2.86 Crore

- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, works contract tax, service-tax, duty of customs, duty of excise and value added tax as at March 31, 2019 which have not been deposited on account of a dispute are as follows:

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Annexure A to Auditors' Report

Name of the statute	Nature of dues	Amount (₹ Crore)	Period to which the amount relates	Forum where the dispute is pending
Delhi Sales Tax Act, 1975	Sales Tax	344.78 ^{1*}	2004-2005	Department of Trade and Taxes Tribunal, & Divisional Bench of High Court, New Delhi
Delhi Sales Tax on Works Contract Act, 1999	Works Contract Tax	0.05 ²	2004-2005	Joint Commissioner (Appeal), Department of Trade and Taxes, New Delhi
West Bengal Value Added Tax Act, 2003	VAT	56.42 ³	2010-2011	Appellate Additional Commissioner, Kolkata
West Bengal Value Added Tax Act, 2003	VAT	4.27 ⁴	2008-2009	West Bengal Commercial Tax Appellate and Revisional Board, Kolkata
Madhya Pradesh Value Added Tax Act, 2002	VAT	3.12 ⁵	2009-2010	Madhya Pradesh Commercial Tax Appellate Board, Bhopal
Central Sales Tax Act, 1956	Central Sales Tax	0.19 ⁶	2009-2010	Madhya Pradesh Commercial Tax Appellate Board, Bhopal
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	0.24 ⁷	2009-2010	Additional Commissioner Grade II, Appeals II, Noida
Central Sales Tax Act, 1956	Central Sales Tax	0.06 ⁸	2010-2011	Additional Commissioner Grade II, Appeals II, Noida
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.07 ⁹	2008-2009	Joint Commissioner (Appeals) of Sales tax, Mumbai
Maharashtra Value Added Tax Act, 2002	VAT	14.49 ¹⁰	2013-2014	Senior Joint Commissioner (Appeals), Maharashtra
Central Sales Tax Act, 1956	Central Sales Tax	0.17 ¹¹	2013-2014	Senior Joint Commissioner (Appeals), Maharashtra
Uttar Pradesh Value Added Tax Act, 2008	VAT	0.07 ¹²	2011-2012	Additional Commissioner Grade II, Appeals II, Noida
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	0.24 ¹³	2007-2008	Additional Commissioner Grade II, Appeals II, Noida
Central Sales Tax Act, 1956	Central Sales Tax	0.02 ¹⁴	2011-2012	Additional Commissioner Grade II, Appeals II, Noida
Andhra Pradesh Value Added Tax Act, 2005	VAT	5.33 ¹⁵	2011-2012	Andhra Pradesh VAT Appellate Tribunal, Vishakhapatnam
Bihar Value Added Tax Act, 2005	VAT	2.28 ¹⁶	2013-2014, 2014-2015, 2015-2016 & 2016-17	Joint Commissioner of Commercial Taxes (Appeal), Bihar
Income Tax Act, 1961	Income Tax	794.89 (for which the tax authorities are the appellant)	A.Y. 1983-1984, 2001-2002, 2002-2003, 2003-2004, 2006-2007, 2007-2008 & 2008-2009	Supreme Court
Income Tax Act, 1961	Income Tax	465.74 (for which the tax authorities are the appellant)	A.Y. 1998-1999, 1999-2000, 2001-2002, 2002-2003, 2003-2004, 2007-2008, 2008-2009 & 2009-2010	Bombay High Court

Annexure A to Auditors' Report

Name of the statute	Nature of dues	Amount (₹ Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	82.79 (for which the tax authorities are the appellant)	A.Y. 2013-2014 & 2014-2015	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax Penalty	8.27	AY 2010-11	CIT (Appeals), Mumbai
Foreign Trade (Development and Regulation) Act ,1992	Duty Drawback	296.50	2008-2009	Supreme Court
Foreign Trade (Development and Regulation) Act ,1992	Duty Drawback	5.16	2009-2010	Director General of Foreign Trade Policy, Kolkata
Customs Act, 1962	Custom duty	64.07 ¹⁷	April 2012- January 2013 &2013-2014	Custom, Excise and Service Tax Appellate Tribunal, Mumbai
Customs Act, 1962	Custom duty	9.39	2011-2012 & 2012-2013	Custom, Excise and Service Tax Appellate Tribunal, Hyderabad
Customs Act, 1962	Custom duty	3.21	2016-2017	Custom, Excise and Service Tax Appellate Tribunal, Hyderabad
Customs Act, 1962	Custom duty	0.09	2011-2012 & 2012-2013	Assistant Commissioner of Customs , Mumbai
The Central Excise Act, 1944	Excise Duty	0.38	March 2011 to June 2015	Commissioner Appeal of Goods Service and Tax and Central Excise, Mumbai
The Central Excise Act, 1944	Excise Duty	0.20	July 2015 to September 2016	Assistant Commissioner of Central Excise (Appeals-1) , Mumbai
Finance Act, 1994	Service Tax	10.33 ¹⁸	2011-2012 2012-2013	Custom, Excise and Service Tax Appellate Tribunal, Mumbai
Finance Act, 1994	Service Tax	92.41 ¹⁹	October 2011 – December 2016	Custom, Excise and Service Tax Appellate Tribunal, Mumbai
Finance Act, 1994	Service Tax	307.34	July 1, 2012 to June 30 2017	Commissioner of Central GST & Central Excise , Mumbai

Includes ¹ ₹ 7.63 Crore, ² ₹ 5,000, ³ ₹ 0.20 Crore, ⁴ ₹ 0.40 Crore, ⁵ ₹ 1.67 Crore, ⁶ ₹ 0.04 Crore, ⁷ ₹ 0.09 Crore, ⁸ ₹ 0.02 Crore, ⁹ ₹ 35,000, ¹⁰ ₹ 0.78 Crore, ¹¹ ₹ 0.009 Crore, ¹² ₹ 0.02 Crore, ¹³ ₹ 0.06 Crore, ¹⁴ ₹ 0.02 Crore, ¹⁵ ₹ 1.33 Crore, ¹⁶ ₹ 0.47 Crore, ¹⁷ ₹ 22.82 Crore, ¹⁸ ₹ 5.46 Crore and ¹⁹ ₹ 20.60 Crore paid / adjusted under protest.

*As per the terms of the contract the amount is recoverable from the customers. The amount reported above includes interest of ₹ 214.82 Crore.

- (viii) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or dues to debenture holders except for the following instances of defaults in repayment of principal and interest amount. The Company did not have any loans or borrowings from government during the year.

Name of the lenders	Amount of defaults as at 31 March 2019 (₹ in Crores)	Period of default as at 31 March 2019 (days)
Jammu & Kashmir Bank	17.18	90
Axis Bank	34.48	90
Canara Bank	568.94	186
Yes Bank	70.57	60
Union Bank of India	37.28	111
IDFC Bank	127.08	106
Srei Equipment Finance Limited	0.93	59
Syndicate Bank	1.59	59

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Annexure A to Auditors' Report

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, except for the matter referred to in Basis for Disclaimer of Opinion section in the audit report, in respect of which we are unable to comment on any potential implications for the reasons described therein, no fraud by the Company or fraud on the Company by its officers and employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, except for the matter referred to in the Basis for Disclaimer of Opinion section in the audit report in respect of which we are unable to comment for the reasons described therein, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of related party transactions as required by the applicable accounting standards have been disclosed in the standalone financial statements.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, except for the matter referred to in Basis for Disclaimer of Opinion section in the audit report, in respect of which we are unable to comment on any potential implications for the reasons described therein, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W /W-100022

Bhavesh Dhupelia
Partner
Membership No: 042070

Date : June 14, 2019
Place : Mumbai

For **Pathak H.D. & Associates**
Chartered Accountants
Firm's Registration No:
107783W

Vishal D. Shah
Partner
Membership No:119303

Date : June 14, 2019
Place : Mumbai

Annexure B to Auditors' Report

Annexure B to the Independent Auditor's Report on the standalone financial statements of Reliance Infrastructure Limited for year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We were engaged to audit the internal financial controls with reference to standalone financial statements of Reliance Infrastructure Limited (hereinafter referred to as "the Company") as of 31 March 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in the Disclaimer of Opinion section below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system with reference to the standalone financial statements of the Company.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Reliance Infrastructure Limited

Annexure B to the Independent Auditor's Report on the standalone financial statements of Reliance Infrastructure Limited for year ended 31 March 2019 (Continued)

Disclaimer of Opinion

As at 31 March 2019, the Company has investments in and amounts recoverable from a party aggregating to ₹ 7,082.96 crore (net of provision of ₹ 3,972.17 crore) as also corporate guarantees aggregating to ₹ 1,775 crore (net of corporate guarantees aggregating to ₹ 5,010.31 crore cancelled subsequent to the balance sheet date) given by the Company in favour of the aforesaid party towards borrowings of the aforesaid party from various companies including certain related parties of the Company. We were unable to obtain sufficient and appropriate audit evidence about the relationship of the aforementioned party, the underlying commercial rationale/purpose for such transactions relative to the size and scale of the business activities with such party and the recoverability of these amounts. Accordingly, we were unable to determine the consequential implications arising therefrom and whether any adjustments, restatement, disclosures or compliances are necessary in respect of these transactions, investments and recoverable amounts in the standalone financial statements of the Company.

Because of the above reasons, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls with reference to standalone financial statements and whether such internal financial controls were operating effectively as at 31 March 2019

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer has affected our opinion on the standalone financial statements of the Company and we have issued a Disclaimer of Opinion on the standalone financial statements of the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W /W-100022

Bhavesh Dhupelia
Partner
Membership No: 042070

Date : June 14, 2019
Place : Mumbai

For **Pathak H.D. & Associates**
Chartered Accountants
Firm's Registration No:107783W

Vishal D. Shah
Partner
Membership No:119303

Date : June 14, 2019
Place : Mumbai