

Reliance Infrastructure Limited

Directors' Report

Dear Shareowners,

Your Directors present the 90th Annual Report and the audited financial statements for the financial year ended March 31, 2019.

Financial Performance and state of the Company's affairs

The standalone financial performance of the Company for the financial year ended March 31, 2019 is summarised below:

Particulars	Financial year ended March 31, 2019		* Financial year ended March 31, 2018	
	₹ in crore	** US \$ Million	₹ in crore	** US \$ Million
Total Income	3,581	518	3,261	493
Gross Profit before depreciation	1,185	171	526	81
Depreciation	82	12	99	15
Exceptional Items-(Expenses)/Income	(6181)	(894)	284	44
Profit/(Loss) before taxation	(5078)	(734)	711	109
Tax expenses (Net) (including deferred tax and tax for earlier years)	(191)	(28)	(83)	(13)
Net profit from discontinuing operation	3974	575	870	134
Profit/(Loss) after taxation	(913)	(132)	1,664	256
Balance of profit brought forward from previous year	626	96	377	58
Other comprehensive income recognised directly in retained earnings	6	1	19	3
Add: Transfer on Scheme of Amalgamation	-	-	-	-
Profit available for appropriations	(281)	(35)	2,060	316
Dividend paid out on equity shares during the year (including tax on dividend) (Net)	297	43	284	42
Transfer to General Reserve	-	-	1,000	153
Transfer to Debenture Redemption Reserve	97	14	150	23
Balance carried to Balance Sheet	(675)	(92)	626	96

*Figures of previous year have been regrouped and reclassified wherever required. Figures for the previous year pertaining to Mumbai Power Business have been considered as part of discontinued operation.

** @ ₹ 69.1550= US \$ 1 Exchange rate as on March 31, 2019 (₹ 65.1750= US \$ 1 Exchange rate as on March 31, 2018).

Financial Performance

During the year under review, your Company earned an income of ₹ 3,581 crore against ₹ 3,261 crore in the previous year. The Company incurred a loss of ₹ 913 crore for the year as compared to profit of ₹ 1,664 crore in the previous year.

The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statements of the Company and presented in the Management Discussion and Analysis forming part of this Annual Report.

Dividend

During the year under review, the Board of Directors has not recommended any dividend on the equity shares of the Company. The Dividend Distribution Policy of the Company is annexed herewith as Annexure E to this Report.

Business Operations

The Company is amongst the leading player in the country in the Engineering and Construction (E&C) segment for power, roads, metro and other infrastructure sectors. The Company is also engaged in implementation, operation and maintenance of several projects in defence sector and infrastructural areas through its special purpose vehicles.

Sale of Mumbai Power Business

During the year under review, a Scheme of Arrangement between the Company and Reliance Electric Generation and Supply Limited (REGSL) and their respective shareholders (the 'Scheme') already 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, was approved by Maharashtra Electricity Regulatory Commission (MERC) and the lenders. The Scheme was given effect to on August 29, 2018 effective from April 1, 2018.

As per the Share Purchase Agreement executed with the Adani Transmission Limited (ATL) in December 2017, the Company successfully completed the sale of its 100% shareholding in REGSL to ATL. The Company's Integrated Mumbai Power Distribution Business was transferred to ATL for a total transaction value of ₹ 18,800 crore which includes Regulatory Assets Under Approval of about ₹ 5,000 crore which will flow directly to the Company. Entire proceeds from the transaction was used for reduction of debt.

Management Discussion and Analysis

The Management Discussion and Analysis for the year under review as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing

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Regulations), is presented in a separate section forming part of this Annual Report.

Issue and redemption of Non-Convertible Debentures

During the year under review, the Company had issued Secured Redeemable Non-Convertible Debentures aggregating to ₹ 385 crore (Series 29) on Private Placement basis to financial institutions. These Debentures are listed on the National Stock Exchange of India Limited. During the year, the Company has redeemed Non-Convertible Debentures aggregating to ₹ 2,021.50 crore upto March 31, 2019.

Deposits

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits, unclaimed/unpaid interest, refunds due to the deposit holders or to be deposited with the Investor Education and Protection Fund as on March 31, 2019.

Particulars of Investments

Pursuant to Section 186 of the Act, details of the Investments made by the Company are provided in the standalone financial statement. (Please refer to Note No. 7 to the standalone financial statements).

Subsidiary Companies, Associates and Joint Ventures

During the year under review, Reliance Global Limited became a subsidiary of the Company and Reliance Electric Generation and Supply Limited ceased to be a subsidiary of the Company.

The operation and financial performance of the major subsidiaries is presented in Management Discussion and Analysis forming part of this Annual Report. Also, a report on the performance and financial position of each of the subsidiaries, associates and joint ventures as per the Act is provided in the consolidated financial statement.

The Policy for determining material subsidiary company, as approved by the Board, may be accessed on the Company's website at https://www.rinfra.com/documents/1142822/1190917/Policy_for_Determining_Material_Subsiary.pdf.

Standalone and Consolidated Financial Statements

The audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2019, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Act, read with relevant rules and other accounting principles. The Consolidated Financial Statements have been prepared in accordance with Ind-AS and relevant provisions of the Act based on the financial statements received from subsidiaries, associates and joint ventures, as approved by their respective Board of Directors.

Directors

In terms of the provisions of the Act, Shri S Seth, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

During the year, Dr. V K Chaturvedi, Non Executive Director and Shri V R Galkar, Independent Director ceased to be Directors of the Company upon attaining the age of 75 years. Shri Shiv Prabhat, Non Executive Director resigned from the Board with effect from March 7, 2019 and Shri B C Patnaik and Ms. Manjari

Kacker were appointed as Additional Directors on March 7, 2019 and June 14, 2019 respectively to hold office up to the date of ensuing Annual General Meeting. Shri Punit Garg was appointed as an Additional Director and designated as Executive Director and Chief Executive Officer by the Board of Directors of the Company on April 6, 2019, subject to shareholders' approval at the ensuing Annual General Meeting.

The Board places on record its appreciation for the valuable contribution made by Dr. V K Chaturvedi, Shri V R Galkar and Shri Shiv Prabhat during their tenure as Director of the Company.

The terms of appointment of the Independent Directors Ms. Ryna Karani, Shri S. S. Kohli and Shri K. Ravikumar would expire on September 19, 2019 and the proposal for their re-appointment for a second term of five years are included in the notice to the Annual General Meeting for approval of the shareholders.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations. The details of programme for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are uploaded on the website of the Company at the link https://www.rinfra.com/documents/1142822/1182645/Familiarisation_programme.pdf. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Act and the Rules made thereunder, and are independent of the management. Based on the report of performance evaluation of the Independent Directors and recommendation of the Nomination and Remuneration Committee, the Board had approved Ms. Ryna Karani, Shri S. S. Kohli and Shri K. Ravikumar's re-appointment as Independent Directors of the Company for the second term from September 20, 2019 to September 19, 2024, subject to approval of the shareholders.

A brief profile of Shri S. Seth, Ms. Manjari Kacker, Shri Punit Garg, Ms. Ryna Karani, Shri S. S. Kohli and Shri K. Ravikumar along with requisite details as stipulated under Regulation 36(3) of the Listing Regulations is provided in this Annual Report.

Key Managerial Personnel

Shri Aashay Khandwala, Company Secretary and Compliance Officer, superannuated from the service of the Company with effect from November 5, 2018. Shri Anil C. Shah was appointed as Company Secretary and Compliance Officer of the Company with effect from February 5, 2019. For the interim period, Ms. Srilatha T G was appointed as Dy. Company Secretary and Acting Compliance Officer effective from November 5, 2018 to February 4, 2019.

Shri Lalit Jalan, Chief Executive Officer, superannuated from his services and Shri Punit Garg was appointed as an Executive Director and Chief Executive Officer of the Company with effect from April 6, 2019.

The Board, at its meeting held on August 13, 2019 has approved the appointment of Shri Paresh Rathod as the Company Secretary and Compliance Officer from August 16, 2019, to be effective after the superannuation of Shri Anil C. Shah.

Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee of the Board of the Company has devised a policy for performance evaluation of the Directors, Board and its Committees, which includes criteria for performance evaluation.

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Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering the criteria such as Board Composition and structure, effectiveness of Board / Committee processes and information provided to the Board etc.

A separate meeting of Independent Directors was held during the financial year for evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman of the Board.

The Nomination and Remuneration Committee has also reviewed the performance of individual directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their role as directors, etc.

Policy on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management employees. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors, which has been put up on the Company's website at www.rinfra.com and also is attached as Annexure A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual financial statement for the financial year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2019, on a going concern basis;
- v. The Directors had laid down proper internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts, arrangements and transactions entered into by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which could have potential conflict with the interest of the Company at large.

During the year, the Company has not entered into any contract/ arrangement/transaction with related parties which could be considered material in accordance with the policy of Company on materiality of related party transactions.

All Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: <http://www.rinfra.com/web/rinfra/related-party-transactions>. Your Directors draw attention of the Members to Note No. 34 to the standalone financial statement which sets out related party disclosures pursuant to Ind-AS.

Material Changes and Commitments if any, affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the financial year, ten Board Meetings were held. Details of the meetings held and attended by each Director are given in the Corporate Governance Report forming part of this Annual Report.

Audit Committee

The Audit Committee of the Board of Directors comprises of majority of Independent Directors namely Ms. Manjari Kacker, Shri S. S. Kohli, Shri K. Ravikumar and Ms. Ryna Karani, and Shri Punit Garg, Executive Director and Chief Executive Officer. Ms. Manjari Kacker, Independent Director, is the Chairman of the Committee.

During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditor's Report

M/s. Pathak H.D. & Associates, Chartered Accountants, were appointed as statutory auditors of the Company to hold office for a term of 4 (four) consecutive years at the 87th Annual General Meeting of the Company held on September 27, 2016 until the conclusion of the 91st Annual General Meeting of the Company. The Company has received confirmation from M/s. Pathak H.D. & Associates, Chartered Accountants that they are not disqualified from continuing as Auditors of the Company. M/s. B S R & Co. LLP, Chartered Accountants who were appointed as statutory

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auditors of the Company at the 88th Annual General Meeting of the Company, vide their letter dated August 9, 2019, have resigned as one of Statutory Auditors of the Company with effect from August 9, 2019. The other duly appointed Statutory Auditor, M/s Pathak H.D. & Associates, who are Statutory Auditors of the Company since last 9 financial years i.e. from financial year 2011 and whose term is valid until conclusion of the Annual General Meeting for the year ended March 31, 2020, are continuing as the sole Statutory Auditors of the Company.

The Auditors in their report to the members have given a Disclaimer of Opinion for the reasons set out in the para titled Basis of Disclaimer of Opinion. The relevant facts and the factual position have been explained in Note 40 of the Notes on Accounts. It has been explained that the Reliance Group of companies of which the Company is a part, supported an independent company in which the Company holds less than 2% of equity shares ("E&C Company") to *inter alia* undertake contracts and assignments for the large number of varied projects in the fields of Power (Thermal, Hydro and Nuclear), Roads, Cement, Telecom, Metro Rail, etc. which were proposed and/or under development by the Group. To this end along with other companies of the Group the Company funded E&C Company by way of E&C advances, subscription to debentures and intercorporate deposits.

The activities of E&C Company have been impacted by the reduced project activities of the companies of the Group. While the Company is evaluating the categorisation of the nature of relationship, if any, with the independent E&C Company, based on the analysis carried out in earlier years, the E&C Company has not been treated as related party. Given the huge opportunity in the E&C field particularly considering the Government of India's thrust on infrastructure sector coupled with increasing project and E&C activities of the Reliance Group, the E&C Company with its experience will be able to achieve substantial project activities in excess of its current levels, thus enabling the E&C Company to meet its obligations. The Company is reasonably confident that the provision will be adequate to deal with any contingency relating to recovery from the E&C Company.

The observations and comments given by the Auditors in their report, read together with notes on financial statements are self explanatory and hence do not call for any further comments under Section 134 of the Act.

Cost Auditors

Pursuant to the provisions of the Act and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors have appointed M/s. V J Talati & Co, Cost Accountants, as the Cost Auditors of the Company for conducting the cost audit of the Engineering and Construction Division & Wind Power Generation Division of the Company for the financial year ending March 31, 2020, and their remuneration is subject to ratification by the Members at the ensuing Annual General Meeting of the Company.

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Secretarial Audit and Annual Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed

M/s. Ashita Kaul & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made by the Secretarial Auditor in the Secretarial Audit Report. The Audit Report of the Secretarial Auditors for the financial year ended March 31, 2019 is attached hereto as Annexure B.

Pursuant to Circular No.CIR/CFD/CMD1/27/2019 dated February 08, 2019, issued by SEBI, the Company has also obtained Annual Secretarial Compliance Report from M/s. Ashita Kaul & Associates, Practicing Company Secretaries, on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same has been submitted with the Stock Exchanges within the prescribed due date.

Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the year 2017-18 and 2018-19 is put up on the Company's website and can be accessed at <https://www.rinfra.com/web/rinfra/annual-return>.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annual Report.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, also forms part of this Annual Report.

However, having regard to the provisions of first proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as required to be disclosed in terms of Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in Annexure C forming part of this Report.

Corporate Governance

The Company has adopted the "Reliance Group-Corporate Governance Policies and Code of Conduct" which sets out the systems, processes and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations is presented in a separate section forming part of this Annual Report.

A certificate from M/s. Ashita Kaul & Associates, Practicing Company Secretaries confirming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V

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of the Listing Regulations, is enclosed to this Report.

Whistle Blower Policy (Vigil Mechanism)

In accordance with Section 177 of the Act and the Listing Regulations, the Company has formulated a Vigil Mechanism to address the genuine concerns, if any, of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website at the link: <http://www.rinfra.com/web/rinfra/corporate-governance-policies>.

Risk Management

The Board of the Company has constituted a Risk Management Committee. The Committee consists of majority of independent directors and also senior managerial personnel of the Company. The details of the Committee and its terms of reference, etc. are set out in the Corporate Governance Report forming part of this Report.

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level as also separately for business segment. The risks are assessed for each project and mitigation measures are initiated both at the project as well as at the corporate level. More details on Risk Management indicating development and implementation of Risk Management policy including identification of elements of risk and their mitigation are covered in Management Discussion and Analysis section, which forms part of this Report.

Compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to upholding and maintaining the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaints were received. The Company has also constituted an Internal Compliance Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social

Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy ("CSR policy") indicating the activities to be undertaken by the Company. There has not been any change during the current year. The CSR policy may be accessed on the Company's website at the link: <http://www.rinfra.com/web/rinfra/corporate-governance-policies>.

The CSR Committee of the Board consists of Ms. Ryna Karani as Chairperson, Shri S. S. Kohli, Shri K. Ravikumar and Shri Punit Garg as the Members.

The disclosure with respect to CSR activities forming part of this Report is given as Annexure D.

Order, if any, passed by the Regulator or Courts or Tribunals

No orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls with reference to financial statement, across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. During the financial year, such controls were tested and no reportable material weakness in the design or operations were observed.

Business Responsibility Report

Business Responsibility Report for the year under review as stipulated under the Listing Regulations is presented under separate section forming part of this Annual Report.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustees, bankers, financial institutions, government authorities, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff resulting in the satisfactory performance of the Company during the year.

For and on behalf of the Board of Directors

Anil Dhirubhai Ambani
Chairman

Place: Mumbai
Date : August 30, 2019