

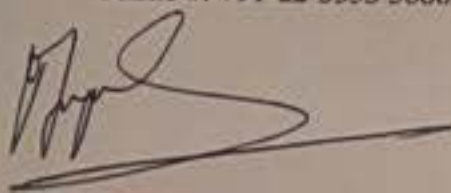
**REPORT OF THE AUDIT COMMITTEE OF RELIANCE INDUSTRIES LIMITED
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN
RELIANCE INDUSTRIES LIMITED AND ITS SHAREHOLDERS AND CREDITORS
AND RELIANCE SYNGAS LIMITED AND ITS SHAREHOLDERS AND
CREDITORS AT ITS MEETING HELD ON NOVEMBER 24, 2021 THROUGH
VIDEO CONFERENCING**

The following members of the Audit Committee were present:

Shri Raminder Singh Gujral, Chairman
Shri Adil Zainulbhai
Dr. Raghunath A Mashelkar
Shri K V Chowdary

1. Background and Salient Features of the Scheme

- 1.1. A meeting of the Audit Committee of Reliance Industries Limited ("**the Company**") / "**RIL**") was held on November 24, 2021 to consider and recommend the draft Scheme of Arrangement between the Company and its shareholders and creditors and Reliance Syngas Limited ("**RSL**") and its shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**the Scheme**").
- 1.2. The Company is incorporated under the provisions of the Companies Act, 1956. The equity shares and non-convertible debentures of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. The global depository receipts of the Company are listed on Luxembourg Stock Exchange and are traded on the International Order Book (IOB) (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter (OTC) market in the United States of America. The foreign currency bonds of the Company are listed on the Singapore Stock Exchange and Luxembourg Stock Exchange.
- 1.3. RSL is a company incorporated under the Act. RSL is a wholly owned subsidiary of the Company. The equity shares of RSL are not listed on any stock exchanges.
- 1.4. The Appointed Date for the Scheme is 31 March, 2022 or such other date as may be determined by the board of directors of the Company and RSL.
- 1.5. The Committee noted that the Scheme, *inter alia*, provides for transfer and vesting of Gasification Undertaking (*as defined in the Scheme*) from the Company as a *going concern* on Slump Sale (*as defined in the Scheme*) basis to RSL for a lump sum consideration equal to the carrying value of Gasification Undertaking, calculated as the difference between the book value of assets and the book value of liabilities of Gasification Undertaking



transferred as appearing in the books of the Company as on the Appointed Date.

- 1.6. This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and SEBI Master Circular number SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("**SEBI Master Circular**"), including amendments thereto.
- 1.7. The following documents were placed before the Audit Committee:
- (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
 - (b) Draft certificate of M/s. D T S & Associates LLP, the Statutory Auditors of the Company, confirming the accounting treatment prescribed in the Scheme; and
 - (c) Draft certificate of M/s. D T S & Associates LLP, the Statutory Auditors of the Company, confirming that approval of majority of public shareholders is not required in terms of Part I(A)(10)(b) of SEBI Master Circular.
- 1.8. The Committee noted that there will be no change in the shareholding of the Company and RSL pursuant to the Scheme and hence there is no requirement for obtaining a valuation report and fairness opinion in terms of the SEBI Master Circular.

2. **Comments by the Audit Committee on the Scheme**

2.1. Need for the arrangement and rationale of the Scheme:

The Committee considered the following rationale of the Scheme and was of the view that rationale and need of the Scheme justifies the proposed arrangement.

- (a) The Gasification Undertaking produces syngas to meet the energy requirements at Jamnagar as refinery off-gases which earlier served as fuel were repurposed into feedstock for the Refinery Off Gas Cracker (ROGC). This enables production of olefins at competitive capital and operating costs. Syngas as a fuel ensures reliability of supply and helps reduce volatility in the energy costs. Syngas is also used to produce hydrogen for consumption in the Jamnagar refinery.
- (b) RIL targets to have a portfolio which is fully re-cyclable, sustainable and net carbon zero. This will be achieved by transitioning to high value



materials and chemicals with renewables as the source of meeting its energy requirements.

- (c) As RIL progressively transitions to renewables as its primary source of energy, more syngas will become available for upgradation to high value chemicals including C1 chemicals and hydrogen. Further, carbon di-oxide released during the process of producing hydrogen is highly concentrated and easy to capture, substantially reducing the cost of carbon capture. Overall, these steps will help sharply reduce carbon footprint of Jamnagar complex.
- (d) India is a high growth market and is expected to continue to see a deficit of these high value chemicals in the foreseeable future. Repurposing the gasification assets will help use syngas as a reliable source of feedstock to produce these chemicals and cater to growing domestic demand, resulting in an attractive business opportunity. Further, as the hydrogen economy expands, RIL will be well positioned to be the first mover to establish a hydrogen ecosystem.
- (e) With optionality in applications for syngas, the nature of risk and returns associated with the Gasification Business will likely be distinct from those of the other businesses of RIL. This distinct business profile also provides the opportunity to potentially attract a different pool of investors and strategic partners for the Gasification Business and new materials and chemicals projects.

The Committee noted that the Scheme is being proposed for transfer of Gasification Undertaking to RSL as a going concern on Slump Sale basis.

2.2. Synergies of business of the companies involved in the Scheme:

The Committee noted that the present Scheme does not involve any merger or demerger of the business of the Company. The Gasification Undertaking is proposed to be transferred to a wholly owned subsidiary of the Company as a going concern by way of slump sale and on implementation of the Scheme, the gasification business will be continued by Reliance Syngas Limited with existing synergies.

2.3. Impact of the Scheme on the shareholders of the Company:

- (a) the Company is transferring its Gasification Undertaking pursuant to the Scheme to RSL, a wholly owned subsidiary of the Company.
- (b) Pursuant to the Scheme, the entire economic interest of the Company in Gasification Undertaking shall continue with the Company through its 100% shareholding in RSL. Accordingly, the entire economic interest of





the shareholders (promoter and non-promoter shareholders) of the Company in Gasification Undertaking will continue as before.

- (c) The Scheme is in the interest of the Company and all its stakeholders and RSL.

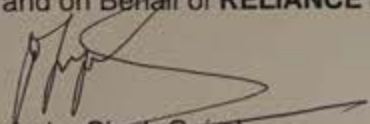
2.4. Cost benefit analysis of the Scheme:

As stated in the rationale, the benefits of the Scheme would far outweigh the costs of implementation of the Scheme.

3. **Recommendation of the Audit Committee**

The Audit Committee, after due deliberation and consideration of all the terms and conditions of the Scheme, its rationale, synergies of business and benefits and the impact of the Scheme on shareholders, in particular the fact that the Scheme is in the interest of the shareholders of the Company, certificates of the Statutory Auditors of the Company, recommends the Scheme to the Board of Directors for its consideration and approval.

By Order of the Audit Committee
For and on Behalf of **RELIANCE INDUSTRIES LIMITED**



Raminder Singh Gujral
Chairman of the Audit Committee
(DIN: 07175393)

Place: Chandigarh
Date: November 24, 2021