Independent Auditors' Report

TO THE MEMBERS OF RELIANCE INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Financial Statements of Reliance Industries Limited which includes joint operations (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, its associates and joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

EMPHASIS OF MATTER

We draw attention to Note 1.8 of the Consolidated Financial Statements in respect of Composite Scheme of arrangement approved by National Company Law Tribunal, Ahmedabad during the year. As per the Scheme, the Group has accounted the fair valuation impact of ₹ 38 crore to its retained earnings relating to intangible assets under development, overriding the Indian Accounting Standards. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matter	How our audit addressed the key audit matter
A. Capitalisation of property, plant and equipment	
During the year ended March 31, 2020, the Holding Company has incurred significant capital expenditure. Further, out of the total additions to property, plant and equipment of ₹ 1,13,300 crore of the Holding Company in the current year, significant part of the capitalisation pertains to the Gasification project, including modification of power plant equipments i.e. Gas Turbines, Auxiliary Boilers, HRSGs, Process Furnaces, etc. to make them compatible to multiple feedstock, including those received from petcoke gasifier. All units of the gasification complex and related integrated projects have been successfully commissioned and capitalised during the year.	Our audit procedures included and were not limited to the following: • Performed walk-through of the capitalisation process and tested the design and operating effectiveness of the controls in the process. • Assessed the nature of the additions made to property, plant and equipment and capital work-in-progress on a test check basis to test that they meet the recognition criteria as set out in para 16 to 22 of Ind AS 16, including any such costs incurred specifically for trial run. • Assessed that the borrowing cost capitalised (including foreign exchange loss to the extent it is considered as an adjustment to interest cost) is in accordance with the accounting policy of the Holding Company.

Key audit matter	How our audit addressed the key audit matter
Significant level of judgement is involved to ensure that the aforesaid capital expenditure/additions meet the recognition criteria of Ind AS 16 – Property, Plant and Equipment, specifically in relation to determination of trial run period and costs associated with trial runs for it to be ready for intended use. As a result, the aforesaid matter was determined to be a key audit matter. The auditors of Reliance Jio Infocomm Limited ('RJIL'), a subsidiary of the Holding Company, have reported a key audit matter on capitalisation of property plant and equipment/intangible assets and amortisation/ depreciation of spectrum costs and related tangible assets as it is a material item on the balance sheet of the subsidiary in value terms. Property, plant and equipment and intangible assets of the subsidiary as at March 31, 2020 is ₹ 1,63,427 crore. While RJIL continues to augment wireless network capacity therein, the wireline telecommunication was capitalised during the year. Further, spectrum costs and the related tangible assets are amortised/depreciated to appropriately reflect the expected pattern of consumption of expected future economic benefits from continued use of the said assets. (Refer Note B.3 (c) and B.3 (e) of the consolidated financial statements). Determination of timing of capitalisation as well as rate of amortisation/ depreciation in order to ensure compliance with the applicable Accounting Standards involve significant estimates and judgement and use of technology. Accordingly, it has been considered as a key audit matter.	• Reviewed the project completion/handover certificate provided by the management to determine whether the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the management. • In respect of the key audit matter reported by the auditors of RJIL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported by the subsidiary auditor, the following procedures have been performed by them: - i. Testing the design, implementation and operating effectiveness of controls in respect of review of timing of the capitalisation with source documentation along with key performance indicators used for capitalisation of the wireline project; ii. Testing controls over determination of expected economic benefits from the use of relevant assets and monitoring actual consumption thereof to true-up the expected pattern of consumption during an accounting period; iii. Involved internal telecom and information technology specialists to validate the expected pattern of consumption of the economic benefits emanating from the use of the relevant assets and the IT environment over the relevant application systems used in monitoring of actual consumption thereof; iv. Substantive testing procedures including, testing necessary authorisations for capitalisation of items of PPE and Intangible assets, testing supporting documentation for consumption of capital goods inventory and testing the mathematical accuracy of computation of amortisation/depreciation charge for the year.
B. Estimation of oil reserves, decommissioning liabilities and impairment evaluation of development rights	
Refer to Note 31.2 on proved reserves and production on product and geographical basis, Note C(A) on estimation of Oil and Gas reserves and Note B.3 (t) on Accounting for Oil and Gas activity, Note C(B) on Decommissioning Liabilities, Note C(C) on Property Plant and Equipment/ Other Intangible Assets and Note B.3 (k), on provisions, Note B.3 (j) on impairment of non-financial assets and Note 18 of the consolidated financial statements. The determination of the Holding Company's oil and natural gas reserves requires significant judgements and estimates to be applied. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells and commodity prices all impacts the determination of the Holding Company's estimates of oil and natural gas reserves. Estimates of oil and gas reserves are used to calculate depletion charges for the Holding Company's oil and gas assets. The impact of changes in estimated proved reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset's carrying values reported in the consolidated financial statements. Further, the recognition and measurement of decommissioning provisions involves use of estimates and assumptions relating to timing of abandonment of well and related facilities which would depend upon the ultimate life of the field, expected utilisation of assets by other fields, the scope of abandonment activity and pre-tax rate applied for discounting.	Our work included and were not limited to the following procedures: • Performed walk-through of the estimation process associated with the oil and gas reserves. • Assessed the valuation methodology, including assumptions around the key drivers of the cash flow forecasts including future oil and gas prices, estimated reserves, discount rates used, etc. by engaging valuation experts. • Assessed the objectivity, independence and competence of the Holding Company's specialists involved in the process and valuation specialists engaged by us. • Assessed whether the updated oil and gas reserve estimates were included in the Holding Company's, accounting for amortisation/ depletion and disclosures of proved reserves and proved developed reserves in the consolidated financial statements. • Tested the assumption used in determining the decommissioning provisions. Also compared these assumptions with the previous year and enquired for reasons for any variations. • In respect of the key audit matter reported by the auditors of RHUSA, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported by the subsidiary auditor, the following procedures have been performed by them: -

Key audit matter	How our audit addressed the key audit matter
Accordingly, the same is considered as a key audit matter. The auditors of Reliance Holding USA Inc. ('RHUSA'), subsidiary of the Holding Company have also reported a key audit matter on the aforesaid topic.	• As reported to us by the subsidiary auditor, they have performed procedures in relation to the approach used; test of controls performed with regard to data input into the system for calculation of oil and gas reserves including the testing of IT controls and information provided by the entity (IPE) on the IT application used for reserve and well data management; audit report issued by external experts appointed by the subsidiary relating to the audit of the key data and assumptions used by the management for estimating the oil and gas reserve and the future net income as at the year end; competence and objectivity of the external experts; calculation of the depletion charge and future net income using audited oil and gas reserves and reasonableness of the discount rate used by the subsidiary for calculating the future net income for impairment calculation.
C. Litigation matters (Oil and Gas) The Holding Company has certain significant open legal proceedings under arbitration for various complex matters with the Government of India and other parties, continuing from earlier years, which are as under: a) Disallowance of certain costs under the production sharing contract, relating to Block KG-DWN-98/3 and consequent deposit of differential revenue on gas sales from D1D3 field to the gas pool account maintained by Gail (India) Limited (Refer Note 31.3 and Note 31.4 (b)). b) Claim against the Holding Company in respect of gas said to have migrated from neighbouring blocks (KGD6) (Note 31.4 (a)). c) Claims relating to limits of cost recovery, profit sharing and audit and accounting provisions of the public sector corporations etc., arising under two production sharing contracts entered into in 1994 (Note 31.4 (c)). d) Suit for specific performance of a contract for supply of natural gas before the Hon'ble Bombay High Court (Note 31.4 (d)). e) Arbitration proceedings relating to notice of withdrawal issued to Niko (NECO) Limited (Note 31.4 (e)). Due to complexity involved in these litigation matters, management's judgement regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. Accordingly, it has been considered as a key audit matter.	Our audit procedures included and were not limited to the following: • Assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Holding Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss. • Discussed with the management on the development in these litigations during the year ended March 31, 2020. • Rolled out of enquiry letters to the Holding Company's legal counsel and noted the responses received. • Assessed the responses received from Holding Company's legal counsel by engaging legal experts. • Assessed the objectivity, independence and competence of the Holding Company's legal counsel involved in the process and legal experts engaged by us. • Reviewed the disclosures made in the consolidated financial statements in this regard.
D. IT systems and controls over financial reporting We identified IT systems and controls over financial reporting as a key audit matter for the Holding Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to programs and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	Our procedures included and were not limited to the following: • Assessed the complexity of the IT environment by engaging IT specialists and through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit. • Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to programs and data and IT operations by engaging IT specialists. • Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Holding Company by engaging IT specialists. • Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems by engaging IT specialist.

Key audit matter	How our audit addressed the key audit matter
E. Fair value measurement	
As at March 31, 2020, the Holding Company has investments of ₹ 78,107 crore in the equity and Optionally Convertible Preference Shares ('OCPS') of Jio Digital Fibre Private Limited ('JDFPL') and Reliance Jio Infratel Private Limited ('RJIPL') which are measured at fair value as per Ind AS 109 read with Ind AS 113. These investments are Level 3 investments as per the fair value hierarchy in Ind AS 113 and accordingly determination of fair value is based on a high degree of judgement and input from data that is not directly observable in the market. Further, the fair value is significantly influenced by the expected pattern of future benefits of the tangible assets of JDFPL (fiber assets) and RJIPL (tower assets). Refer Note 2 and Note 34A in the consolidated financial statements. The auditors of Reliance Strategic Business Ventures Limited, ('RSBVL'), subsidiary of the Holding Company have reported a key audit matter on fair valuation of investments of ₹ 5,511 crore held outside the Group and stated at fair value through Other Comprehensive income or at fair value through Profit and Loss in accordance with requirements of Ind AS 109 read with Ind AS 113. Of the above, investments of ₹ 4,557 crore are Level 3 investments, where determination of fair value is based on a high degree of judgement. Accordingly, the same has been considered as a key audit matter.	Our audit procedures included and were not limited to the following: • Reviewed the fair valuation reports obtained by the management by involvement of external valuation experts. • Assessed the methodology and the assumptions applied in determining the fair value by engaging valuation specialists. • Assessed the objectivity, independence and competence of the Holding Company's external specialists involved in the process and valuation specialists engaged by us. • Assessed the adequacy of disclosure in Note 2 and Note 34A in the consolidated financial statements. • In respect of the key audit matter reported to us by the auditors of RSBVL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedures have been performed by them: - i. With respect to quoted investments, assessment of the fair value based on the latest quoted prices available on the stock exchanges; ii. With respect to fair valuation based on the valuation model, assessment of the model used for determining the fair value based on their knowledge of the industry; iii. Assessing the key assumptions used to estimate fair valuation based on present economic factors and relevance to the industry; iv. Assessed the potential impact of reasonable possible downside changes in the key assumptions.
F. Impact due to significant volatility in crude prices	
Due to the ongoing geopolitical and economic situation in the world, there has been significant slowdown of economic activities and significant volatility in crude oil prices during March 2020 and subsequent to the year end. Management has assessed the impact of the aforesaid events on the consolidated financial statements specifically in areas of inventory, impairment of certain investments, development rights, etc. including subsequent events upto the reporting date. Pursuant to such evaluation, Holding Company has valued its inventories at net realisable value and recognised a loss of ₹ 4,245 crore (net of current tax of ₹ 899 crore) which has been disclosed as exceptional items in the statement of profit and loss (Refer Note C (J) of Critical Accounting Judgements and Key sources of Estimation uncertainty and Note 28.2). Estimates and judgements are involved in determining the net realisable value of inventory including related hedges, impairment of investments and development rights stated above. Accordingly, the same has been considered as a key audit matter.	Our audit procedures included and were not limited to the following: • Obtained and reviewed the management impact assessment on account of reduction in oil prices, including judgement and estimates applied in determining the areas of impact. • Assessed the determination of impact on account of inventories valued at net realisable value, including related hedges. • Performed subsequent event procedures up to the date of the audit report. • Performed inquiry procedures with the auditors of the components in relation to specific impacts on their financial statements on account of the aforesaid events. • Assessed the disclosure made in Note 28.2 in the consolidated financial statements. • Also refer procedures stated in Point B relating to 'Estimation of oil reserves, decommissioning liabilities and impairment evaluation of development rights'
G. Impairment of Goodwill	
The Group's balance sheet as at March 31, 2020 includes ₹ 10,259 crore of goodwill, representing 1% of the total Group assets. As per the requirements of Ind AS 36 'Impairment of Assets' and the accounting policy of the Group, goodwill is tested for impairment annually. Goodwill is allocated to the Cash Generating Unit (CGU) to which it belongs and the Group determines the CGU's recoverable value using the discounted cash-flow approach. Any deficit between the recoverable value so determined and the carrying value of the CGU (including goodwill) is recorded as impairment (if any).	With respect to goodwill relating to material subsidiaries, our audit procedures included and were not limited to the following: • Obtained and read the financial statements of the material subsidiaries. • Assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected revenue growth rates and operating margin considered, including engaging valuation specialists in certain cases.

Key audit matter	How our audit addressed the key audit matter
The determination of the recoverable amount involves use of assumptions to determine the future cash flows, including revenue growth, operating margin and discount rates. Due to the inherent uncertainty associated with these assumptions and the consequent cash flow projections, the same is considered as a key audit matter.	• Discussed potential changes in key drivers as compared to previous year/actual performance with management in order to evaluate the inputs and assumptions used in the cash flow forecasts were reasonable. • Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • Assessed the adequacy of disclosure in Note C (F) of Critical Accounting judgements and key sources of estimation uncertainty in the consolidated financial statements.
H. Loss of control on Petroleum Trust and Reliance Services and Holdings Limited	
Refer Note 2A and Note 13.7 in the consolidated financial statements. In the current year, the trust deed of Petroleum Trust ('PT') of which Reliance Industrial Investments and Holdings Limited (a wholly-owned subsidiary of the Holding Company or 'RIIHL') was the settlor and sole beneficiary was amended, as a result of which operational powers to control and manage the trust were transferred from RIIHL to independent trustees, resulting in loss of control over PT. Further, RIIHL sold 50% holding in Reliance Services and Holdings Limited (erstwhile wholly-owned subsidiary of RIIHL or 'RSHL') to PT, resulting in loss of control in RSHL. Consequently, RSHL and PT became an associate of the Holding Company. Subsequent to above, certain subsidiaries holding treasury shares of the Holding Company were amalgamated under a composite court scheme of arrangement into RSHL, whereby RSHL has given consideration in the form of preference shares to RIIHL and PT. Accordingly, RSHL and PT have fair valued their investments in their standalone financial statements. Accordingly, as per equity method of accounting in Ind AS 28, a gain of ₹ 24,411 crore has been recognised in the other comprehensive income in the consolidated financial statements of the Group. Judgement is involved in determining the loss of control over the PT and accordingly, the same is considered as a key audit matter.	Our audit procedures included and were not limited to the following: • Obtained and read the trust deed and the amendment to the trust deed of Petroleum Trust. • Assessed management's position on loss of control which is supported by external legal opinions obtained by the Holding Company in this regard. • Assessed the objectivity, independence and competence of the external legal expert involved in the process. • Assessed the measurement and recognition of loss of control on the consolidated financial statements in line with Ind AS 110 and Ind AS 28.
I. Changes in presentation of segment information and new reportable segment	
Based on overall internal reorganisation and increased focus of the Executive Committee (Chief operation decision maker or CODM), 'financial services' has been identified as a separate operating segment. This segment principally comprises of management and deployment of identified resources of the Company to various activities including non-banking financial services, insurance broking etc. Accordingly, identified assets and related income which were erstwhile lying in "Unallocated" have been transferred to the financial services segment. The aforesaid change has also resulted in a change in the presentation and disclosure of interest income relating to the financial services segment in the statement of profit and loss from "other income" to "Revenue from operations". In addition to above, the CODM has evaluated its treasury function and has emphasised that management of long-term resources and business trade financing will be a part of centralised treasury function in Unallocable. As segment reporting is a significant disclosure, the above change has been considered as a key audit matter. Refer Note 35 of the consolidated financial statements.	Our audit procedures included and were not limited to the following: • Obtained and read the notes approved by the Executive Committee (CODM) which records decisions made by the EC in review of business performance and allocation of resources to segments. • Assessed the discrete financial information for the financial services segment. • Assessed compliance with the disclosure requirements of Schedule III of the Companies Act, 2013 and Ind AS 108 including restatement of comparative segment information in the consolidated financial statements.

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<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">J. Revenue recognition</td></tr>
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The accounting policies of the Group for revenue recognition are set out in Note B.3 (q) to the consolidated financial statements.
The auditors of Reliance Jio Infocomm Limited ('RJIL'), subsidiary of the Holding Company, have reported revenue recognition as a key audit matter due to the high volume of the transactions, high degree of IT systems involvement and considering that accounting for certain revenue streams and tariff schemes involve exercise of judgements and estimates regarding application of the revenue recognition accounting standards.
Reliance Retail Ventures Limited ('RRVL'), a subsidiary of the Holding Company, trades in various consumption baskets on a principal basis with high volume of transactions and recognises full value of consideration on transfer of control of traded goods to the customers which most of the time coincides with collection of cash or cash equivalent from customers. Reconciliation of mode of payments with revenue recognised is identified as a key audit matter by their auditors. Further, RRVL renders various services on principal basis and recognises revenue at a point in time when the customer consumes the services rendered. Testing of whether the performance obligation is satisfied for such services is identified as a key audit matter by their auditors.
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Our audit procedures included the following:
• Obtained and read the financial statements of RJIL and RRVL to identify whether the revenue recognition policies are included in the consolidated financial statements of the Group.
• In respect of the key audit matter reported by the auditors of RJIL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported by the subsidiary auditor, the following procedures have been performed by them:-
i. involvement of internal IT specialists and testing of the IT environment inter alia for access controls, change management and application specific controls over the subsidiary company's billing and other relevant support systems;
ii. evaluation and testing of the design and operating effectiveness of the relevant business process controls, inter-alia controls over the capture, measurement and authorisation of revenue transactions;
iii. Testing collections and, the reconciliation between revenue per the billing system and the financial records and testing supporting documentation for manual journal entries posted in revenue;
iv. validation of significant judgements and estimates exercised by the management regarding the application of revenue recognition accounting standard with respect to certain revenue streams and tariff schemes, in accordance with Ind AS 115.
• In respect of the key audit matter reported to us by the auditors of RRVL, we performed inquiry of the audit procedure performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedure have been performed by them: -
i. Evaluation of the design and testing of the operating effectiveness of internal controls (including test of details on representative sampling basis) relating to reconciliation of consideration with store sales by selection of samples from different stores and dates throughout the period of audit and reperformance of the reconciliation between store sales and the mode of payment collection report.
ii. Evaluation of the design and testing of the operating effectiveness of internal controls (including test of details on representative sampling basis) relating to recognition of revenue from rendering of services for ensuring revenue recognition at a point in time by way of customer acknowledgement of the consumption of such services and receipt of consideration.
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Key audit matter	How our audit addressed the key audit matter
K. Inventory	
The auditors of Reliance Retail Ventures Limited ('RRVL'), a subsidiary of the Holding Company have reported existence of inventory as a key audit matter due to involvement of high risk, basis the nature of the retail industry wherein value per unit is relatively insignificant but high volumes are involved which are dispersed across different point of sales and warehouses. The auditors of RRVL have also reported valuation of inventory as a key audit matter due to involvement of judgement relating to determination of net realisable value (NRV) of inventories (except Gold and Silver), which is based on historical evidence and the current economic conditions. Refer Note B.3 (i) to the consolidated financial statements of the Group.	Our audit procedures included the following: • In respect of the key audit matter reported to us by the auditors of RRVL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedures have been performed by them: - i. Evaluation of the design and testing of the implementation of internal controls relating to physical inventory counts and estimation of NRV on a test basis; ii. Performance of test of controls through verification of documentary evidences including verification of count sheets and calculation of shrinkages; iii. Performance of test of details through sample selection of stores as part of the inventory verification program, including verification of inventory from floor to documentary evidence and vice versa, verification of shrinkage and related entries recorded in books of accounts. iv. Performance of test of details through sample selection of inventory as part of testing the NRV estimate by considering subsequent sales prices and management's latest forecast and trading plans in terms of planned discounts.
L. Implementation of Ind AS 116 – Leases	
The auditors of Reliance Jio Infocomm Limited ('RJIL'), a subsidiary of the Holding Company, have reported a key audit matter on Ind AS 116 – Leases (the 'Standard'). Implementation of the Standard has a significant impact on the asset and liability position of RJIL and involves review of significant contractual arrangements to determine those which fall under the purview of the Standard. Judgement is also involved in determining the application of the Standard to the relevant contractual arrangements about whether an arrangement is scoped out of the purview of the Standard by virtue of it not involving an identified asset, composite arrangements which involve both, an element of service and identified asset and variable leasing arrangements which do not require recognition of a right of use asset and a corresponding lease liability. Accordingly, implementation of Ind AS-116 has been reported as a key audit matter. Refer Note B.3 (d) of significant accounting policies, Note C(K) of Critical Accounting Judgements and Key sources of Estimation uncertainty and Note 1.7 to the consolidated financial statements of the Group.	Our audit procedures included and were not limited to the following: • Obtained and read the financial statements of RJIL to identify whether Ind AS 116 accounting policies are included in the consolidated financial statement of the Group. • In respect of the key audit matter reported to us by the auditors of RJIL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedures have been performed by them: - i. evaluation and testing of the design and operating effectiveness of controls in respect of review of subsidiary's contractual agreements to identify those which fall under the purview of the Standard, determining the application of the Standard to the relevant contractual agreements; ii. involvement of internal subject matters experts, inter-alia telecom specialists, accounting standard specialists to review the judgements exercised by the management in determining the application of the Standard; iii. Substantive testing of the computation of the Right of Use Asset ('RoU') and lease liability, amortisation of the ROU and the corresponding finance cost and impact on taxation; iv. review of accounting policies on Ind AS 116- leases included in the financial statements and testing of the disclosures made in the financial statements mandated by the Standard.

Key audit matter	How our audit addressed the key audit matter
M. Impairment of assets of subsidiaries of Reliance Industrial Investments and Holding Limited and Reliance Strategic Business Venture Limited	
The auditors of Reliance Industrial Investments and Holdings Limited, ('RIIHL') and Reliance Strategic Business Ventures Ltd, ('RSBVL'), subsidiaries of the Holding Company have reported a key audit matter on impairment of investment and loans given to subsidiaries as the recoverability assessment involves significant management judgement and estimates (Refer Note B.3 (j) of the consolidated financial statements). Though these investments and loans are eliminated at the consolidated level, the assets of the RIIHL and RSBVL subsidiaries are included on a line-by-line basis in the consolidated financial statements. Accordingly, the impairment of these assets is considered to be a key audit matter.	Our audit procedures included and were not limited to the following: • Obtained and read the financial statements of RIIHL and RSBVL and its subsidiaries to identify whether any impairment has been recorded in the current year. • In respect of the key audit matter reported to us by the auditors of RIIHL and RSBVL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditors, the following procedures have been performed by them for material subsidiaries: - i. Assessment of the net worth of RIIHL and RSBVL subsidiaries/ associates on the basis of latest available financial statements. ii. Assessment of the methodologies applied to ascertain the fair value or as the case may be, value in use of the assets of the subsidiaries/ associates, where the net worth was negative. iii. Assessment of the input data and key assumptions used to determine the fair value of 'subsidiaries' assets, cash flow estimates including sensitivity analysis of key assumptions used.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditors' report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

(a) The Consolidated Financial Statements include the Holding Company's proportionate share in an unincorporated joint operation relating to total assets of ₹ Nil as at March 31, 2020, total expenditure of ₹ 177 crore, the elements making up the Cash Flow Statement for the year ended March 31, 2020 and related disclosures in respect of an unincorporated joint operation which is based on statements from the operators and certified by the management. Our opinion is not modified in respect of this matter.

(b) (1) The accompanying Consolidated Financial Statements include the financial statements and other financial information of 18 subsidiaries which reflect total assets of ₹ 1,40,363 crore as at March 31, 2020, total revenues of ₹ 1,45,810 crore and net cash outflows of ₹ 3,493 crore for the year ended on that date, and the financial statements and other financial information of an associate which reflects Group's share of net profit after tax of ₹ 4 crore for the year ended March 31, 2020, which have been audited by one of the joint auditors, individually or together with another auditor.

(2) We did not audit the financial statements and other financial information, in respect of 321 subsidiaries, whose Ind AS financial statements include total assets of ₹ 6,52,382 crore as at March 31, 2020, and total revenues of ₹ 2,06,641 crore and net cash (inflows) of ₹ 18,656 crore for the year ended on that date and financial statements and other financial information of 97 associates and 30 joint ventures which reflects Group's Share of net profit after tax of ₹ 6 crore for the year ended March 31, 2020. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the report(s) of such other auditors.

(3) The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of 13 subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 46 crore as at March 31, 2020, and total revenues of ₹ 95 crore and net cash (inflows) of ₹ 1 crore for the year ended on that date and the unaudited financial statements and other unaudited financial information in respect of 15 associates and 18 joint ventures which reflects Group's share of net profit after tax of ₹ 97 crore for the year ended March 31, 2020. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter prescribed in Emphasis of Matter paragraph above, in our opinion, does not have an adverse effect on the functioning of the Group.

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiaries, associates and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiaries, associates and joint ventures, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its Consolidated Financial Statements – Refer Note 32 to the Consolidated Financial Statements;

   ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2020 except for an amount of ₹ 1.63 crore which are held in abeyance due to pending legal cases.

For **D T S & Associates LLP**
Chartered Accountants
ICAI Firm Reg. Number:
142412W/W100595

per **T P Ostwal**
Partner
Membership No.: 030848
UDIN: 20030848AAAAAS5679

Mumbai
Date: April 30, 2020

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. Number:
324982E/E300003

per **Vikas Kumar Pansari**
Partner
Membership No.: 093649
UDIN: 20093649AAAAAO6374

Mumbai
Date: April 30, 2020

ANNEXURE 1

TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RELIANCE INDUSTRIES LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the Consolidated Financial Statements of Reliance Industries Limited which includes joint operations as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Reliance Industries Limited which includes joint operations (hereinafter referred to as the "Holding Company") and its subsidiaries, its associates and joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 the respective 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 Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these Consolidated 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 control over financial reporting with reference to these Consolidated Financial Statements includes 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.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statement of 280 subsidiaries, 55 associates and 22 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For **D T S & Associates LLP**
Chartered Accountants
ICAI Firm Reg. Number:
142412W/W100595

per **T P Ostwal**
Partner
Membership No.: 030848
UDIN: 20030848AAAAAS5679

Mumbai
Date: April 30, 2020

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. Number:
324982E/E300003

per **Vikas Kumar Pansari**
Partner
Membership No.: 093649
UDIN: 20093649AAAAAO6374

Mumbai
Date: April 30, 2020