

# Independent Auditors' Report

## TO THE MEMBERS OF RELIANCE INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying Standalone Financial Statements of Reliance Industries Limited ("the Company") which includes joint operations, which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Standalone 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 Standalone Financial Statements' section of our

report. We are independent of the Company 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 Standalone Financial Statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone 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 Standalone 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 Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>A. Capitalisation of property, plant and equipment</b></p> <p>During the year ended March 31, 2020, the Company has incurred significant capital expenditure. Further, out of the total additions to property, plant and equipment of ₹ 1,13,300 crore 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.</p> <p>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.</p> <p>As a result, the aforesaid matter was determined to be a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"><li>• Performed walk-through of the capitalisation process and tested the design and operating effectiveness of the controls in the process.</li><li>• 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.</li><li>• 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 Company.</li><li>• 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.</li></ul>

Key audit matters	How our audit addressed the key audit matter
<p><b>B. Estimation of oil reserves, decommissioning liabilities and impairment evaluation of development rights</b></p> <p>Refer to Note 33.2 on proved reserves and production on product and geographical basis, Note C(A) on estimation of Oil and Gas reserves and Note B.2 (s) on Accounting for Oil and Gas activity, Note C(B) on Decommissioning Liabilities, Note C(C) on Property Plant and Equipment/Intangible Assets and Note B.2 (j) on Provisions and Note B.2 (j) on impairment of non- financial assets and Note 17 of the financial statements.</p> <p>The determination of the 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 Company's estimates of oil and natural gas reserves.</p> <p>Estimates of oil and gas reserves are used to calculate depletion charges for the 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 financial statements.</p> <p>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.</p> <p>Accordingly, the same is considered as a key audit matter.</p>	<p>Our work included and were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>• Performed walk-through of the estimation process associated with the oil and gas reserves.</li> <li>• 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.</li> <li>• Assessed the objectivity, independence and competence of the Company's specialists involved in the process and valuation specialists engaged by us.</li> <li>• Assessed whether the updated oil and gas reserve estimates were included in the Company's, accounting for amortisation/depletion and disclosures of proved reserves and proved developed reserves in the financial statements.</li> <li>• Tested the assumption used in determining the decommissioning provisions. Also compared these assumptions with the previous year and enquired for reasons for any variations.</li> </ul>
<p><b>C. Litigation matters (Oil and Gas)</b></p> <p>The 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:</p> <ol style="list-style-type: none"> <li>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 33.3 and Note 33.4 (b)).</li> <li>Claim against the Company in respect of gas said to have migrated from neighbouring blocks (KGD6) (Note 33.4 (a)).</li> <li>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 33.4 (c)).</li> <li>Suit for specific performance of a contract for supply of natural gas before the Hon'ble Bombay High Court (Note 33.4(d)).</li> <li>Arbitration proceedings relating to notice of withdrawal issued to Niko (NECO) Limited (Note 33.4(e)).</li> </ol> <p>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.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss.</li> <li>• Discussed with the management on the development in these litigations during the year ended March 31, 2020.</li> <li>• Rolled out of enquiry letters to the Company's legal counsel and noted the responses received.</li> <li>• Assessed the responses received from Company's legal counsel by engaging legal experts.</li> <li>• Assessed the objectivity, independence and competence of the Company's legal counsel involved in the process and legal experts engaged by us.</li> <li>• Reviewed the disclosures made by the Company in the financial statements in this regard.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p><b>D. IT systems and controls over financial reporting</b></p> <p>We identified IT systems and controls over financial reporting as a key audit matter for the 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.</p>	<p>Our procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company by engaging IT specialists.</li> <li>Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems by engaging IT specialists.</li> </ul>
<p><b>E. Fair value measurement</b></p> <p>As at March 31, 2020, the Company has investments of ₹ 78,107 crore in the equity and Optionally Convertible Preference Shares ('OCPS') of Jio Digital Fiber Private Limited ('JDFPL') and Reliance Jio Infratel Private Limited ('RJ IPL') which are measured at fair value as per Ind AS 109 read with Ind AS 113.</p> <p>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 RJ IPL (tower assets). Refer Note 2 and Note 36A in the financial statements.</p> <p>Accordingly, the same has been considered as a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>Reviewed the fair valuation reports obtained by the management by involvement of external valuation experts.</li> <li>Assessed the methodology and the assumptions applied in determining the fair value by engaging valuation specialists.</li> <li>Assessed the objectivity, independence and competence of the Company's external specialists involved in the process and valuation specialists engaged by us.</li> <li>Assessed the adequacy of disclosure in Note 2 and Note 36A in the financial statements.</li> </ul>
<p><b>F. Impact due to significant volatility in crude prices</b></p> <p>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.</p> <p>Management has assessed the impact of the aforesaid events on the financial statements specifically in areas of inventory impairment of certain investments, development rights, etc. including subsequent events up to the reporting date. Pursuant to such evaluation, the 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 (I) of Critical Accounting Judgements and Key sources of Estimation uncertainty and Note 30.3). Estimates and judgements are involved in determining the net realisable value of inventory including related hedges, impairment of investments and development rights stated above.</p> <p>Accordingly, the same has been considered as a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Assessed the determination of impact on account of inventories valued at net realisable value, including related hedges.</li> <li>Performed subsequent event procedures upto the date of the audit report.</li> <li>Assessed the disclosure made in Note 30.3 in the financial statements.</li> <li>Also refer procedures stated in Point B relating to 'Estimation of oil reserves, decommissioning liabilities and impairment evaluation of development rights' and Point G relating to 'Investments in Reliance Energy Generation and Distribution Limited.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p><b>G. Investments in Reliance Energy Generation and Distribution Limited</b></p> <p>Management regularly reviews whether there are any indicators of impairment on the investments made by the Company (Refer Note B.2 (q).i.E by reference to the requirements under Ind AS 36 "Impairment of Assets"). Accordingly, management has identified impairment indicators by considering internal/external sources of information in Reliance Energy Generation and Distribution Limited (REGDL) and RHUSA Inc. (subsidiary of REGDL). As at March 31, 2020 the Company has an investment of ₹ 15,842 crore in REGDL. Further, the Company has also given a guarantee on the borrowings of RHUSA Inc. (subsidiary of REGDL) of ₹ 22,700 crore. As a result, an impairment assessment has been performed by the Company by comparing the carrying value of these investments (including the guarantee given by the Company on the borrowings of RHUSA Inc.) to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, value in use has been determined by the management by considering estimates such as future oil and natural gas prices, reserves volumes, discount rates etc. Management has also involved external specialists for determining of reserve volumes and value in use.</p> <p>Accordingly, it has been considered as a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained and read the financial statements of REGDL to identify any disclosure for impairment of assets in these financial statements.</li> <li>• Performed inquiry procedures with the auditor of RHUSA Inc. in relation to the assumptions used (future oil and gas prices, estimated reserves, discount rates etc.) for determining the value in use, including the testing of IT controls and information provided by the entity (IPE) on the IT application used for reserve and well data management.</li> <li>• Assessed the objectivity, independence and competence of the Company's specialists and external specialists involved in the process.</li> <li>• Assessed assumptions used for determining value in use. Further, also performed testing of IPE and assessed the recoverable value headroom available.</li> </ul>
<p><b>H. Transfer of identified liabilities from Reliance Jio Infocomm Limited</b></p> <p>During the year, Reliance Jio Infocomm Limited (subsidiary of the Company or 'RJIL') and certain classes of its creditors have entered into a scheme of arrangement whereby the certain identified liabilities aggregating to ₹104,365 crore together with interest accrued (but not paid thereon), hedges along with receivables or payables and all other balances with respect to the identified liabilities of RJIL have been transferred to the Company with equivalent consideration, in accordance with the order dated March 13, 2020 issued by National Company Law Tribunal. Refer Note 32 (III) (6) in the financial statements.</p> <p>Being a significant transaction that occurred during the current year, it has been considered as a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Understood the structure of the transaction from the management.</li> <li>• Obtained and read the order issued by NCLT to assess that the accounting treatment has been applied in accordance with the Scheme.</li> <li>• Assessed the measurement, recognition and disclosure of the said transaction in line with the applicable Indian Accounting Standards.</li> </ul>

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The 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 Standalone Financial Statements and our auditors' report thereon.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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 STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Standalone Financial

Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 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 Company's ability 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 Standalone 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 MATTER

The accompanying Standalone Financial Statements and other financial information includes the Company's proportionate share in unincorporated joint operation in respect of total assets of ₹ Nil as at March 31, 2020, total expenditure of ₹ 177 crore and 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 operator and certified by the management. Our opinion is not modified in respect of above matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We 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;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone 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) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 34 to the Standalone Financial Statements;
  - ii. The Company has made provision, 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 Company 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: 20030848AAAAAR2144

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: 20093649AAAAAN1906

Mumbai

Date: April 30, 2020



**ANNEXURE 1**

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

(Referred to in paragraph 1, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme for physical verification in a phased periodic manner, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds/lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company except for leasehold land of ₹ 83 crore in respect of which the allotment letters are received and supplementary agreements entered; however, lease deeds are pending execution. (Refer Note 1.1 of the Standalone Financial Statements).
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, related to the manufacturing activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Services tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and Other Statutory Dues applicable to it.
- (b) According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Service tax, Duty of custom, Duty of excise, Value added tax, Cess and Other Statutory Dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## ANNEXURE 1 → TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RELIANCE INDUSTRIES LIMITED

- (c) According to the records of the Company, the dues of Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added tax and Cess which have not been deposited on March 31, 2020 on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	48	2011-12 and 2012-13	Commissioner of Income-Tax (Appeals)
Central Excise Act, 1944	Excise Duty and Service Tax	0.13	Various Years from 1990-91 to 2017-18	Commissioner of Central Excise (Appeals)
		713	Various Years from 1991-92 to 2016-17	Central Excise and Service Tax Appellate Tribunal
		5	Various Years from 2006-07 to 2009-10	High Court
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Sales Tax/ VAT and Entry Tax	496	Various Years from 1983-88 to 2011-12	Sales Tax Appellate Tribunal
		83	Various Years from 2000-01 to 2011-12	High Court
Customs Act, 1962	Customs Duty	20	2007-08	Central Excise and Service Tax Appellate Tribunal

- (viii) In our opinion and according to the information and explanations provided by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations provided by the management, the Company has utilised the monies raised by way of debt instruments and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations provided by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations provided by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations provided by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations provided to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations provided by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- (xvi) According to the information and explanations provided to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **T P Ostwal**  
Partner  
Membership No.: 030848  
UDIN: 20030848AAAAAR2144

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: 20093649AAAAAN1906

Mumbai  
Date: April 30, 2020



## ANNEXURE 2

TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE 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")

We have audited the internal financial controls over financial reporting of Reliance Industries Limited ("the Company") which includes joint operations as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 Standalone 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 over financial reporting with reference to these Standalone 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 Standalone 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Financial Statements.

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

A company's internal financial control over financial reporting with reference to these Standalone 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 Standalone 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 STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone 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 Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the 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.

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

per **T P Ostwal**  
Partner  
Membership No.: 030848  
UDIN: 20030848AAAAAR2144

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: 20093649AAAAAN1906

Mumbai  
Date: April 30, 2020