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 (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, 2019, 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, 2019, 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 ‘Auditor’s Responsibilities for

the Audit of the Consolidated Financial Statements’ section of our report. We are independent of the Group 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.

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2019. 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 Auditor’s 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 matters

<table>
<thead>
<tr>
<th>A. Capitalisation of property, plant and equipment, intangible assets and related depreciation and amortization</th>
<th>How our audit addressed the key audit matter</th>
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</table>
| The Holding Company has identified capitalisation of property, plant and equipment as a key audit matter. As a part of Gasification project, the Holding Company has incurred additional capital expenditure, for 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. Currently all units of the gasification complex, its associated utilities and offsites have been started and the complex is under stabilization. The testing phase of the project is under progress as at March 31, 2019 as it has not achieved the quality and efficiency parameters. Accordingly, significant level of judgement is involved to ensure that capitalisation of Property, Plant and Equipment meet the recognition criterias 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 amortization / 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, 2019 is ₹ 134,000 crore. While the subsidiary has capitalised the wireless telecommunication project, it continues to augment capacity therein and continues to invest in setting up the wireline telecommunication project. Items of Property, plant and equipment and Intangibles are capitalised when they are ready for use as intended by the management. 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 (e) of the consolidated financial statements). Determination of timing of capitalisation as well as rate of amortization / depreciation in order to ensure compliance with the stipulation of the applicable Accounting Standards involve estimates, significant use of technology and significant judgment. Accordingly, valuation and completeness are key assertions related to capitalisation of Property, plant and equipment and Intangible assets while accuracy is the key assertion in respect of depreciation / amortization charge. Our audit procedures included and were not limited to the following -  | • Assessing the nature of the costs incurred to substantially modify the existing power plants to test whether such costs are incurred specifically for trial runs and meet the recognition criteria as set out in para 16 to 22 of Ind AS 16.  
• Evaluating the assessment provided by third party vendors involved in the construction and testing process to determine whether capitalisation ceased when 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 capital work in progress, particularly in respect of timing of the capitalisation with source documentation.  
  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. Testing including substantial involvement of 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 as well as testing the relevant application systems used in monitoring of actual consumption of the expected economic benefits.  
  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, comparison of actual pattern of consumption of benefits for current year with the budget and testing the mathematical accuracy of computation of amortization / depreciation charge for the year.  
• Obtained and read the financial statements of RJIL to identify whether disclosure for capitalisation of property, plant and equipment, intangible assets including spectrum and related amortization/ depreciation has been appropriately disclosed in the consolidated financial statements of the Group. |
Key audit matters

B. Changes in useful life and residual value of plant and machinery

As at March 31, 2019 the Holding Company had a gross block of ₹ 228,340 crore in plant and machinery which constitutes 52.1% of the property, plant and equipment.

In the current year, the Holding Company has revised the useful life and residual value of the plant and machinery used in the refining segment. Assessment of useful lives and residual values of plant machinery in an integrated and complex plants involves management judgment, consideration of historical experiences, anticipated technological changes, etc. (Refer Note 1.7 of the consolidated financial statements). Accordingly, it has been determined as a key audit matter.

C. Estimation of oil reserves and decommissioning liabilities

Refer to Note 30.2 on proved reserves and production both on product and geographical basis and Note C (A) on Estimation of Oil and Gas Reserves, Note C (C) on depreciation, amortization and impairment charges and Note B.3 (k) of Provisions.

The determination of the Holding Company’s oil and natural gas reserves requires significant judgments 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. The Holding Company bases its proved reserves estimates considering reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

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 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 utilization of assets by other fields, the scope of abandonment activity and pre-tax rate applied for discounting.

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.

How our audit addressed the key audit matter

Our audit procedures included and were not limited to the following

- Evaluating the reasonableness of the assumptions considered by the management in estimation of useful life and residual values.
- Examining the useful economic lives and residual value assigned with reference to the Holding Company’s historical experience, technical evaluation by third party and our understanding of the future utilisation of assets by the Holding Company.
- Assessing whether the impact on account of the change has been appropriately recognized in the financial statements.
- Review of the disclosures made in the financial statements in this regard.

Our procedures have focused on management’s estimation process in the determination of oil and gas reserves and decommissioning liabilities. Our work included and were not limited to, the following procedures:

- Understand the Holding Company’s process and controls associated with the oil and gas reserves estimation process.
- Evaluating the objectivity, independence and competence of the Internal specialists involved in the oil and gas reserves estimation process.
- Test that the updated oil and gas reserve estimates were included appropriately in the Holding Company’s consideration of impairment, accounting for amortization/depletion and disclosures of proved reserves and proved developed reserves in the financial statements.
- Testing of assumption used in the determining the decommissioning provisions. Also compared these assumptions with past year and enquired for reasons for any variations.
- In respect of the key audit matter reported to us by the auditors of RHUSA, we performed inquiry of the audit procedures performed by them to address the key audit matter.

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; 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 and reasonableness of the discount rate used by the subsidiary for calculating the future net income for impairment calculation.

- With respect to RHUSA, obtained and read its financial statements to identify whether the disclosures on estimation of oil reserves have been included in the consolidated financial statements of the Group.
Key audit matters

D. 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 (Note 30.3 and 30.4 (b)).

b) Claim against the Holding Company in respect of gas said to have migrated from neighboring blocks (KG6) (Note 30.4 (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 30.4 (c)).

d) Suit for specific performance of a contract for supply of natural gas before the Hon'ble Bombay High Court (Note 30.4 (d)).

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.

E. 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.

F. Impairment of Goodwill

The Group’s balance sheet includes ₹ 11,997 crore of goodwill, representing 1% of total Group assets. In accordance with Ind AS, goodwill is allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash-flow approach of each CGU’s recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU’s net assets would result in impairment.

The impairment test includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate. The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain.

Our audit procedures included and were not limited to the following:

- Assessing 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.
- Discussion with the management on the development in these litigations during the year ended March 31, 2019.
- Roll out of enquiry letters to the Holding Company’s legal counsel (internal/external) and study the responses received from them. Also assessed that accounting/disclosure made by the Holding Company are in accordance with the assessment of legal counsel.
- Review of the disclosures made in the financial statements in this regard.
- Obtained representation letter from the management on the assessment of these matters.

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.
- Assessing the appropriateness of the methodology applied in determining the CGUs to which goodwill is allocated.
- Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used, including engaging valuation specialists in certain cases.
- Assessing the recoverable value headroom by performing sensitivity testing of key assumptions used.
- Discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were reasonable.
Key audit matters

G. Revenue Recognition

The accounting policies of the Group for revenue recognition are set out in Note B 3 (p) 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 tariff schemes involve exercise of judgments and estimates, thereby affecting occurrence, cut-off and accuracy assertions in respect of revenue recognition.

Reliance Retail Ventures Limited (‘RRVL’), a subsidiary of the Holding Company, trades in various consumption baskets on a principal basis and recognizes 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. The auditors of subsidiary have reported revenue recognition as a key audit matter due to the high volume of the transactions and reconciliation of mode of payments with revenue recognised.

Our audit procedures included and were not limited to 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 statement 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 IT specialists and testing of the IT environment inter-alia for access controls and change management 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 authorization of revenue transactions and involvement of IT specialists for testing the automated controls therein.
  iii. evaluation of substantive testing involved, testing collections, customer ratings for new products and tariffs introduced in the year, testing the reconciliation between revenue per the billing system and the financial records and testing supporting documentation for manual journal entries posted in revenue to ensure veracity thereof.
  iv. validation of the judgements and estimates exercised by the management regarding the application of revenue recognition accounting standard with respect to certain tariff schemes, particularly in view of adoption of 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, testing of the implementation of internal controls and review on the operating effectiveness of the controls 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.

H. 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.

Refer Note B.3 (i) to the consolidated financial statements of the Group.

Our audit procedures included and were not limited to 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 on a test basis;
  ii. Performance of test of controls over verification of documentary evidences of controls including the 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 and verification of shrinkage.
### Key audit matters

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<th>I. Transfer of the fiber undertakings</th>
<th>How our audit addressed the key audit matter</th>
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<td>Pursuant to a Composite Scheme of Arrangement between Reliance Jio Infocomm Ltd (RJIL), Jio Digital Fibre Private Limited (JDFPL) and Reliance Jio Infratel Private Limited (RJIPL) (the Scheme), RJIL has demerged its optic fiber cable undertaking to JDFPL upon the Scheme becoming effective on 31 March 2019. As per the Scheme, RJIL transferred the Undertaking to JDFPL at book value and adjusted the carrying amount of net assets in Reserves. Further, JDFPL applied purchase method of accounting in accordance with Ind AS 103 as mentioned in the Scheme and recorded assets and liabilities of the Undertaking at their respective fair values and issued Equity Shares of ₹3 Crore (Fair Value ₹497 crore) and Optionally Convertible Preference Shares with surplus rights (OCPS) of ₹544 crore (Fair Value ₹77,701/- Crore) to the Company, being the shareholders of RJIL. Pursuant to receipt of these Equity Shares and OCPS, the Holding Company in its standalone financial statements (SFS) has allocated its cost of investments in RJIL into RJIL and JDFPL and elected to value its investment in OCPS at Fair value through Other Comprehensive Income (FVTOCI). Subsequently, the Holding Company sold its controlling equity stake in JDFPL to Digital Fibre Infrastructure Trust resulting into a gain of ₹246 crore recognized in the consolidated statement of profit &amp; loss. The management has determined that, the Holding Company has no control or significant influence over JDFPL post the controlling stake sale. Further the remaining Equity investment in JDFPL is measured at FVTPL and OCPS is measured at FVTOCI in the consolidated financial statements (Refer Note 2.2 of the consolidated financial statements). The auditors of RJIL have also reported a key audit matter in respect of the accounting treatment applied for the Scheme in its financial statements. The above is considered as a key audit matter as the same has been reported as a significant transaction that occurred during the current year which involves exercise of judgment and interpretation of the relevant Indian Accounting Standards and applicable tax and other statutes / regulations.</td>
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<td>Our audit procedures included and were not limited to the following:</td>
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<tr>
<td>• Obtained and read the composite scheme of arrangement for demerger of the optic fiber cable undertaking.</td>
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<td>• Obtained the memo prepared by the Holding Company in consultation with external experts (including related assumptions and accounting policy choice) on the accounting treatment to be applied in the financial statements.</td>
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<td>• Evaluating whether the accounting treatment of the said transaction is in line with the applicable Indian Accounting Standards.</td>
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<td>• Performing substantive testing procedures including involvement of valuation specialists for testing of the valuation reports provided by the management for appropriateness of assumptions involved and testing of the computation.</td>
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<tr>
<td>• Assessing whether the accounting entries recorded in the books is in line with the accounting treatment assessed above, including the arithmetical accuracy of the same.</td>
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<td>• 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:-</td>
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<td>• Evaluation and testing of the internal controls over the management’s assessment of the accounting treatment of the said transaction in terms of the applicable Indian Accounting Standards and applicable tax and other statutes/regulations, identification of assets and liabilities related to each of the two undertakings.</td>
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<td>• Substantive testing procedures including involvement of tax specialists to validate the management position on tax implications of the transaction and testing of tax computation for appropriate application of tax laws, involvement of valuation specialists for testing of the valuation reports provided by the management for appropriateness of assumptions involved and testing of the computation, accounting of the transactions and the disclosures for compliance with the requirements of applicable accounting standards.</td>
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<th>J. Impairment of assets of subsidiaries of Reliance Industrial Investments and Holding Limited</th>
<th>How our audit addressed the key audit matter</th>
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<tr>
<td>The auditors of Reliance Industrial Investments and Holdings Limited, (‘RIIHL’), subsidiary 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 (i) of the consolidated financial statements). Though these investments and loans are eliminated at the consolidated level, the assets of the RIIHL 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.</td>
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<td>Our audit procedures included and were not limited to the following:</td>
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<td>• Obtained and read the financial statements of RIIHL and its subsidiaries to identify whether any impairment has been recorded in the current year.</td>
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<td>• In respect of the key audit matter reported to us by the auditors of RIIHL, 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 for material subsidiaries:-</td>
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<tr>
<td>i. Assessment of the net worth of RIIHL subsidiaries/associates on the basis of latest available financial statements.</td>
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<td>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.</td>
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<tr>
<td>iii. Assessment of the accuracy and reasonableness of the input data and assumptions used to determine the fair value of ‘subsidiaries’ assets, cash flow estimates including sensitivity analysis of key assumptions used.</td>
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INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

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 judgments 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.

AUDITOR’S 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 auditor’s 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 judgment 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 system 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 auditor’s 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

auditor’s 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, 2019 and are therefore the key audit matters. We describe these matters in our auditor’s 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**

(a) The Consolidated Ind AS financial statements include the Holding Company’s proportionate share in an unincorporated joint operation relating to total assets of ₹55 crore as at March 31, 2019, total expenditure of ₹494 crore, the elements making up the Cash Flow Statement for the year ended March 31, 2019 and related disclosures in respect of an unincorporated joint operation which is based on statements from the operators and certified by the management.

(b) (1) The Consolidated Ind AS financial statements includes 16 subsidiaries which reflect total assets of ₹1,59,078 crore as at March 31, 2019, total revenues of ₹1,13,108 crore and net cash inflow of ₹220 crore for the year then ended and the financial statements of an associate which reflect Group’s share of net profit of ₹4 crore for the year ended March 31, 2019, which have been audited by one of the joint auditor, individually or together with another auditor.

(2) We did not audit the financial statements and other financial information, in respect of 254 subsidiaries whose Ind AS financial statements include total assets of ₹3,49,858 crore as at March 31, 2019, and total revenues of ₹1,76,610 crore and net cash inflow of ₹1,991 crore for the year ended on that date and financial statements and other financial information of 125 associates and joint ventures which reflects Group’s share of net profit of ₹17 crore for the year ended March 31, 2019. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor’s 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-sections (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 reports of such other auditors.

(3) The Consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 53 subsidiaries, whose financial statements reflect total assets of ₹16 crore as at March 31, 2019, total revenues of ₹3 crore and net cash inflow of ₹4 crore for the year then ended and the financial statements of 21 associates and joint ventures which reflects Group’s share of net profit of ₹91 crore for the year ended March 31, 2019. 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-sections (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 statement 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 Matter’ 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) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 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, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) 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 subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate Report in “Annexure 2” to this report;

(g) 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, 2019 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;

(h) With respect to the other matters to be included in the Auditor’s 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 matter’ 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 31 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, 2019 except for an amount of ₹ 1.52 crore which are held in abeyance due to pending legal cases.

For D T S & Associates
Chartered Accountants
(Registration No.142412W)
TP Ostwal
Partner
Membership No. 030848
Mumbai
Date: April 18, 2019

For S R B C & CO LLP
Chartered Accountants
(Registration No.324982E/E300003)
Vikas Kumar Pansari
Partner
Membership No. 093649
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 as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Reliance Industries Limited (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 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.

AUDITOR’S 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 on Audit of Internal Financial Controls Over Financial Reporting (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 auditor’s 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, 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 system 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, 2019, 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 statements of 217 subsidiaries, 56 associates and 23 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
Chartered Accountants
(Registration No.142412W)

T P Ostwal
Partner
Membership No. 030848
Mumbai
Date: April 18, 2019

For S R B C & CO LLP
Chartered Accountants
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Vikas Kumar Pansari
Partner
Membership No. 093649