

Reliance Industries Uruguay Petroquimica S.A.
Financial Statements
for the year ended 31st December, 2019

Independent Auditor's Report

TO THE BOARD OF **RELIANCE INDUSTRIES URUGUAY PETROQUIMICA S.A**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Reliance Industries Uruguay Petroquimica S.A. ("the Company"), which comprise the Balance Sheet as at 31st December, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended and 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 Financial Statements 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 31st December, 2019, its profit including Other Comprehensive income, its Cash Flow and the Statement of Changes in Equity for the year ended on that date.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these 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 Indian Accounting Standard prescribed under Section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Matters

This Report is issued for the information and use of the management of the company and of Reliance Industries Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

Other Reporting Requirements

We report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

Independent Auditor's Report

2. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, the Statement of Profit and Loss, Other Comprehensive Income, the Cash Flow Statement and Statement of Change of Equity dealt with by this Report are in agreement with the books of account.
4. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the act.

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/ W100355

Sandesh Ladha

Partner

Membership No.: 047841

Date: 24.04.2020

UDIN : 20047841AAAGLF1595

Balance Sheet as at 31st Dec 2019

		(Amount in USD)	
	Notes	As at 31st Dec 2019	As at 31st Dec 2018
ASSETS			
Non Current Assets			
Property, Plant & Equipment	1	213	-
Current Assets			
Financial Assets			
Trade Receivables	2	45,382	58,112
Cash and Cash Equivalents	3	86,803	82,063
Others Financial Assets	4	10,246	4,352
Other Current Assets	5	10,548	13,117
Total Current Assets		<u>152,979</u>	<u>157,644</u>
Total Assets		<u>153,192</u>	<u>157,644</u>
EQUITY AND LIABILITIES			
EQUITY			
Paid up Capital	6	100,689	100,689
Other Equity	7	14,801	12,462
		115,490	113,151
Current Liabilities			
Financial Liabilities			
Trade Payables	8	5,400	6,057
Other Current Liabilities	9	19,557	25,706
Provisions	10	12,745	12,730
Total Current Liabilities		<u>37,702</u>	<u>44,493</u>
Total Equity and Liabilities		<u>153,192</u>	<u>157,644</u>
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-21		

As Per our Report of even date

For CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

SANDESH LADHA

Partner

Membership No.: 047841

Date: 24-04-2020

For and on behalf of the Board

Authorized Signatory

Date: 24-04-2020

Statement of Profit and loss for the year ended 31st Dec 2019

		(Amount in USD)	
	Notes	Year Ended 31st Dec 2019	Year Ended 31st Dec 2018
INCOME			
Revenue from Operations	11	300,762	336,316
Total Income		300,762	336,316
EXPENSES			
Employee Benefits Expense	12	200,203	206,060
Depreciation and Amortisation	13	25	-
Other Expenses	14	85,192	101,062
Total Expenses		285,420	307,122
Profit /(Loss) Before Tax		15,342	29,194
Tax Expenses			
Current Tax		13,003	12,334
Profit/(Loss) for the year		2,339	16,860
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss		-	-
Other Comprehensive Income for the year (Net of Tax)		-	-
Total Comprehensive Income for the year		2,339	16,860
See accompanying Notes to the Financial Statements	1-21		

As Per our Report of even date

For CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

SANDESH LADHA

Partner

Membership No.: 047841

Date: 24-04-2020

For and on behalf of the Board

Authorized Signatory

Date: 24-04-2020

Cash Flow Statement for the Year Ended 31st Dec 2019

	(Amount in USD)	
	Year Ended 31st Dec 2019	Year Ended 31st Dec 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year as per Statement of Profit and Loss	15,342	29,194
Adjusted for :		
Depreciation & Amortisation	25	-
Operating Profit before Working Capital Changes	15,367	29,194
Adjusted for :		
Trade & Other Receivables	9,405	(75,315)
Trade & Other Payables	(151)	29,494
Cash Generated from / (used in) Operations	24,621	(16,627)
(Tax Paid) / Refund	(19,643)	(1,310)
Net Cash Generated from / (used in) Operating Activities	4,978	(17,937)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property, Plant & Equipment	(238)	-
Net Cash (used in) / generated from Investing Activities	(238)	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	-	100,000
Net Cash (used in) / generated from Financing Activities	-	100,000
Net Increase in Cash and Cash Equivalents	4,740	82,063
Opening Balance of Cash and Cash Equivalents	82,063	-
Closing Balance of Cash and Cash Equivalents	86,803	82,063

As Per our Report of even date

For CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

SANDESH LADHA

Partner

Membership No.: 047841

Date: 24-04-2020

For and on behalf of the Board

Authorized Signatory

Date: 24-04-2020

Statement of Changes in Equity For the Year ended 31st Dec 2019

	(Amount in USD)			
	Paid up capital	Retained Earnings	Legal Reserve	Total
Balance as at 1st January, 2018	689	(4,398)	-	(3,709)
Shares Issued during the year	100,000	-	-	100,000
Profit/ (Loss) for the Year	-	16,860	-	16,860
Balances as at 31st December, 2018	<u>100,689</u>	<u>12,462</u>	<u>-</u>	<u>113,151</u>
Balance as at 1st January, 2019	100,689	12,462	-	113,151
Legal Reserve	-	(549)	549	-
Profit for the Year	-	2,339	-	2,339
Balance as at 31st December, 2019	<u>100,689</u>	<u>14,252</u>	<u>549</u>	<u>115,490</u>

As Per our Report of even date

For CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

SANDESH LADHA

Partner

Membership No.: 047841

Date: 24-04-2020

For and on behalf of the Board

Authorized Signatory

Date: 24-04-2020

A. CORPORATE INFORMATION

Reliance Industries Uruguay Petroquimica S.A. is a corporation domiciled in the republic of Uruguay. Its main office and legal domicile is located at Juncal 1392. It was organised as a closed corporation with registered stock.

The Company was organised in Montevideo, on 5 December, 2016 under the name Dreketi S.A. The Extraordinary General Meeting of the Company's shareholders held on 21 August, 2017, resolved to change the Company's name to Reliance Industries Uruguay Petroquimica S.A.

The Company's sole shareholders, owner of 100% of the stock is Reliance Industries Limited. The Company performs market analysis activities in South America for developing new business Lines.

B. SIGNIFICANT ACCOUNTING POLICIES**BASIS OF PREPARATION AND PRESENTATION**

The Financial Statements have been prepared on the Historical Cost basis. Historical Cost is generally based on the fair value of the consideration given in exchange for Goods and Services.

In addition, for financial reporting purposes, fair value measurement are categorized into Level 1,2,or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included with in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

USE OF ESTIMATES

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Property, Plant & Equipment**

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation on Property, plant & equipment is provided on straight-line method over the useful life of assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(b) PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

(d) FOREIGN CURRENCIES

Company's financial statements are presented in US Dollars, which is its functional currency.

Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(e) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if following condition are satisfied:

- The Company has transferred risks and rewards incidental to ownership to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- It is probable that the economic benefit associated with the transaction will flow to the Company;
- It can be reliably measured and it is reasonable to expect ultimate collection.

(f) INTEREST INCOME

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(g) FINANCIAL INSTRUMENTS**1) Financial Assets****1.a Initial Recognition and Measurement:**

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through statement of profit and loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

1.b Subsequent Measurement**i) Financial assets measured at amortised cost (AC)**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

2) Financial Liabilities**2.a Initial Recognition and Measurement:**

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in statement of profit and loss as finance cost.

2.b Subsequent Measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. Critical Accounting Judgements and Key Sources of Estimation Uncertainty:

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Recoverability of Receivable:

Judgements are required in assessing the recoverability of overdue receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

ii) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

iii) Impairment of Financial Assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the Financial Statement for the Year ended 31st Dec 2019

		(Amount in USD)	
		As at	As at
		31st Dec 2019	31st Dec 2018
1	Property, Plant & Equipement		
	Computer Equipment		
	Opening	-	-
	Add: Addition During the year	238	-
	Less: Depreciation	<u>(25)</u>	<u>-</u>
	Closing	<u>213</u>	<u>-</u>
		As at	As at
		31st Dec 2019	31st Dec 2018
2	Trade Receivables		
	Related Parties #	<u>45,382</u>	<u>58,112</u>
	Total	<u>45,382</u>	<u>58,112</u>
	# Refer Note 15		
		As at	As at
		31st Dec 2019	31st Dec 2018
3	Cash and Cash Equivalents		
	Balances with Banks	<u>86,803</u>	<u>82,063</u>
	Total	<u>86,803</u>	<u>82,063</u>
		As at	As at
		31st Dec 2019	31st Dec 2018
4	Others Financial Assets		
	Deposits	<u>10,246</u>	<u>4,352</u>
	Total	<u>10,246</u>	<u>4,352</u>
		As at	As at
		31st Dec 2019	31st Dec 2018
5	Other Current Assets		
	Tax Credits	<u>10,548</u>	<u>13,117</u>
	Total	<u>10,548</u>	<u>13,117</u>
		As at	As at
		31st Dec 2019	31st Dec 2018
6	Paid Up Capital		
	Balance	<u>100,689</u>	<u>100,689</u>
	Total	<u>100,689</u>	<u>100,689</u>

Notes to the Financial Statement for the Year ended 31st Dec 2019

		(Amount in USD)	
		As at	As at
		31st Dec 2019	31st Dec 2018
7	Other Equity		
	Retained Earnings		
	Opening Balance	12,462	(4,398)
	Transfer to legal reserve	(549)	-
	Profit/(Loss) for the Period	2,339	16,860
	Total	<u>14,252</u>	<u>12,462</u>
	Legal Reserve		
	Transfer from Retained Earning	549	-
	Total	<u>549</u>	<u>-</u>
	Total	<u>14,801</u>	<u>12,462</u>
8	Trade Payables		
	Others	5,400	6,057
	Total	<u>5,400</u>	<u>6,057</u>
9	Other Current Liabilities		
	Related Parties #	1,535	1,535
	Current Tax Liabilities	4,384	11,024
	Others	13,638	13,147
	Total	<u>19,557</u>	<u>25,706</u>
	# Refer Note 15		
10	Provisions		
	Provision for Social Security Obligations	12,745	12,730
	Total	<u>12,745</u>	<u>12,730</u>

Notes to the Financial Statement for the Year ended 31st Dec 2019

		(Amount in USD)	
		For the year Ended 31st Dec 2019	For the year Ended 31st Dec 2018
11	Revenue From Operation		
	Services Rendered	300,762	336,316
	Total	300,762	336,316
12	Employee Benefits Expense		
	Salaries	188,152	193,134
	Others	12,051	12,926
	Total	200,203	206,060
13	Depreciation and Amortisation		
	Depreciation on Computer Equipement	25	-
	Total	25	-
14	Other Expenses		
	Professional Fees	32,306	44,084
	Exchange Difference (Net)	3,658	2,462
	Rates and Taxes	3,314	2,579
	Insurance	2,976	2,693
	General Expenses	42,938	49,244
	Total	85,192	101,062
15.	Related Party Transactions		
i)	List of Related Parties where control exists and related parties with whom transactions have taken place and relationships:		
	Sr. No.	Name of the Related Party	Relationship
	1	Reliance Industries Limited	Holding Company
ii)	Transactions during the year with related parties (Excluding Reimbursement):	2019	2018
	Nature of Transactions	Relationship	
	Rendering of Services	Holding Company	300,762 336,316
iii)	Balances as at 31st Dec 2019		
	Trade Receivables	Holding Company	45,382 58,112
	Other Current Liabilities	Holding Company	1,535 1,535

Notes to the Financial Statement for the Year ended 31st Dec 2019

16. Capital management

The Company manages its capital to ensure that it will continue as a going concern while maximising the return to stakeholders through the optimisation of debt and share capital.

The capital structure of the company is comprises of paid up capital.

17. Financial Risk Management

The different types of risks the company is exposed to are Credit risk and liquidity risk.

17.a Credit Risk

Credit risk is the risk that a customer or counterparty to financial instrument will fail to perform or pay amounts due causing financial loss to the Company Credit Risk arises from company's activities in investments, dealing in derivatives and credit exposures relating to charter hire receivables. Receivables consist of a customer, representing a single industry and concentrated in a geographical area, hence the Company is exposed to concentration risk.

17.b Liquidity Risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time, Prudent Liquidity risk management implies maintaining sufficient cash to meet obligations when due. Management monitors rolling forecasts of the Company cash flows position and ensures that companies able to meet its financial obligation at all times including contingencies.

18. Approval of Financial Statements

The financial statements were approved for issue by the Administrator on 24th April, 2020.

19. These accounts have been prepared for the limited purpose of its consolidation with Reliance Industries Limited, the holding company.
20. The Company is in the Business of Market Analysis activities in South America for developing new business line. Considering the nature of the Company's business, there is only One reportable segment.
21. Amounts of previous year have been regrouped wherever necessary to correspond with those of current year.

As Per our Report of even date

For CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

SANDESH LADHA

Partner

Membership No.: 047841

Date: 24-04-2020

For and on behalf of the Board

Authorized Signatory

Date: 24-04-2020