Reliance Exploration & Production DMCC

Financial Statements
for the year ended 31st December 2022

Report in connection with Agreed-upon Procedures in respect of Financial Statements for the year ended 31st December 2022 prepared in compliance with the Accounting Principles Generally Accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Ind AS financial statements"), of Reliance Exploration & Production <u>DMCC (REP DMCC)</u>

To,

Mr. Saji Varghese
Director
Reliance Exploration & Production DMCC
Dubai

Dear Sirs,

This is in reference to your engagement letter dated 3rd April, 2023, appointing us to perform Agreed-upon Procedures in respect of the 'Financial Statements for the year ended 31st December 2022 prepared in compliance with the Accounting Principles Generally Accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Ind AS financial statements"), of Reliance Exploration & Production DMCC (REP DMCC), a direct subsidiary of Reliance Industries Limited (the "Company" / "entity"), prepared by the management of the Company solely to incorporate it into the consolidated financial statements of the Company.

Our engagement was undertaken in accordance with the Standard on Related Services (SRS 4400), "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India.

We have performed the following procedures and noticed that no findings including errors in excess of USD 1,650,000 resulted from our work:

a) Obtained the IFRS financial statements of REP DMCC for the year ended 31st December, 2022 as audited by Deloitte & Touche (M.E) ("D&T").
b) Reviewed the adjustments identified by the management of the Company, required to be made to the IFRS Financial Statements so as to ensure compliance with the Ind AS.
c) Reviewed the Ind AS financial statements of REP DMCC to ensure that these reflect the adjustments identified by the management of the Company.
d) Reviewed the Ind AS financial statements prepared by the management of the Company to ensure compliance with the presentation and disclosure requirements specified by Schedule III to the Companies Act, 2013 and the Ind AS as applicable to REP DMCC.
e) Verified the arithmetical accuracy of the Ind AS financial statements.

The procedures that we performed are solely to assist you in preparation of the consolidated financial statements of the Company. These procedures have been established based on discussions with you. The sufficiency of the work is solely the responsibility of the Management of the Company. Consequently, we make no representation regarding the sufficiency of the work for any purpose.

The procedures that we performed do not constitute an audit or a review made in accordance with the generally accepted auditing standards in India and, consequently, we do not express any assurance.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported by you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the amounts and items specified above and do not extend to any other items in the Ind AS financial statements, taken as a whole.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Abhijit A. Damle
(Partner)
(Membership No. 102912)
UDIN:23102912BGXWAF8085

Mumbai, dated: 20th April 2023

Reliance Exploration & Production DMCC
Balance Sheet as at 31 December 2022

	Notes	As at 31 December 2022	As at 31 December 2021
			In USD
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**32,822**	37,663
(b) Financial assets			
(i) Loans	4	**-**	34,50,85,287
Total Non Current assets		**32,822**	34,51,22,950
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	5	**1,51,754**	18,61,897
(ii) Loans	6	**33,01,00,104**	-
(b) Other current assets	8	**8,738**	9,898
Total Current assets		**33,02,60,596**	18,71,795
Total Assets		**33,02,93,418**	34,69,94,745
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	**4,79,85,402**	4,79,85,402
(b) Preference Share capital	9 A	**40,56,33,057**	40,56,33,057
(b) Other Equity	10	**(12,34,72,476)**	(10,66,50,941)
Total Equity		**33,01,45,983**	34,69,67,518
Liabilities			
Current Liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	11	**1,47,435**	27,227
Total Current liabilities		**1,47,435**	27,227
Total Equity and Liabilities		**33,02,93,418**	34,69,94,745

Corporate information and significant accounting policies and notes to the financial statements — 1 to 23

For Reliance Exploration & Production DMCC

Saji Varghese
Director
Date: 20 April 2023
Place: Dubai

Reliance Exploration & Production DMCC
Statement of Profit and Loss for the year ended 31 December 2022

	Notes	2022	*In USD* 2021
INCOME			
Net Finance (cost) / income	12	**(1,13,50,183)**	13,23,51,834
Total Income		**(1,13,50,183)**	13,23,51,834
EXPENSES			
Finance costs	13	**6,809**	3,213
Depreciation expense	3	**4,841**	4,929
Other expenses	14	**54,59,702**	60,95,428
Total Expenses		**54,71,352**	61,03,570
(Loss) / Profit for the year		**(1,68,21,535)**	12,62,48,264
Other comprehensive income (OCI)		**-**	**-**
Total comprehensive (Loss) / income for the year		**(1,68,21,535)**	12,62,48,264
Earnings per share of face value of AED 1,000 each.			
(i) Basic (in USD)	15	**(95.47)**	**716.51**
(ii) Diluted (in USD)	15	**(95.47)**	**75.74**
Corporate information and significant accounting policies and notes to the financial statements	1 to 23		

For Reliance Exploration & Production DMCC

Saji Varghese
Director
Date: 20 April 2023
Place: Dubai

Reliance Exploration & Production DMCC

Statement of changes in equity for the year ended 31 December 2022

A. EQUITY SHARE CAPITAL

In USD

	Balance at 1 January 2021	Changes during the year 2021	Balance at 31 December 2021	Changes during the year 2022	Balance at 31 December 2022
Share capital	4,79,85,402	-	4,79,85,402	-	4,79,85,402
Preference share capital	40,56,33,057	-	40,56,33,057	-	40,56,33,057

B. OTHER EQUITY

In USD

	Share application money	Retained Earnings	Total
Year ended 31 December 2021			
Balance as at 1 January, 2021	46,10,000	(23,28,99,205)	(22,82,89,205)
Application money repaid during 2021 (Refer Note 10.1 & 10.2)	(46,10,000)	-	(46,10,000)
Profit for the year	-	12,62,48,264	12,62,48,264
Balance as at 31 December, 2021	**-**	**(10,66,50,941)**	**(10,66,50,941)**
Year ended 31 December 2022			
Balance as at 1 January, 2022	-	(10,66,50,941)	(10,66,50,941)
(Loss) for the year	-	(1,68,21,535)	(1,68,21,535)
Balance as at 31 December 2022	**-**	**(12,34,72,476)**	**(12,34,72,476)**

Corporate information and significant accounting policies and notes to the financial statements 1 to 23

For Reliance Exploration & Production DMCC

Saji Varghese
Director
Date: 20 April 2023
Place: Dubai

Reliance Exploration & Production DMCC
Cash Flow Statement for the year ended 31 December 2022

In USD

	Notes	2022	2021
A: Cash flow from operating activities:			
Net (Loss) / profit as per Statement of Profit and Loss		**(1,68,21,535)**	12,62,48,264
Adjusted for:			
Depreciation Expense	3	**4,841**	4,929
Finance cost / (Income)	12	**1,13,50,183**	(13,23,51,834)
Finance cost	13	**6,809**	3,213
Operating loss before working capital changes		**(54,59,702)**	(60,95,428)
Adjusted for:			
Decrease / (increase) in other current assets	8	**1,160**	(6,611)
Increase / (decrease) in other payables	11	**1,20,208**	(1,61,36,349)
Cash (used in) operating activities		**(53,38,334)**	(2,22,38,388)
B: Cash flow from investing activities:			
Partial repayment of amount loaned to a related party	6, 19	**36,35,000**	2,85,00,000
Net cash generated from investing activities		**36,35,000**	2,85,00,000
C: Cash flow from financing activities:			
Share application money (repaid)	10	**-**	(46,10,000)
Finance cost	13	**(6,809)**	(3,213)
Net cash (used in) financing activities		**(6,809)**	(46,13,213)
Net (decrease) / increase in cash and cash equivalents		**(17,10,143)**	16,48,399
Cash and cash equivalents at the beginning of the year	5	**18,61,897**	2,13,498
Cash and cash equivalents at the end of the year	5	**1,51,754**	18,61,897
Non cash item:			
Finance (cost) / income charged to a related party	12	**(1,13,50,183)**	13,23,51,834

Corporate information and significant accounting policies and notes to the financial statements — 1 to 23

For Reliance Exploration & Production DMCC

Saji Varghese
Director
Date: 20 April 2023
Place: Dubai

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

1 GENERAL INFORMATION

A. Reliance Exploration & Production DMCC ("the Company") is a limited liability company registered in Dubai Multi Commodities Centre ("DMCC") under the DMCC company regulations No. 1/03. The Company was incorporated on 6 December 2006. The Company is engaged in the business of trading of refined oil products, crude oil, lubricants, grease, tar and asphalt. However, the Company does not currently have any working interest in any exploration blocks.
The Company was a wholly owned subsidiary of Reliance Strategic Business Ventures Limited (RSBVL), an entity incorporated in India. RSBVL is a wholly owned subsidiary of Reliance Industries Limited.

Effective 21 December 2022, the equity and preference shares of the Company have been transferred to Reliance Industries Limited (RIL). The application for transfer of shares is approved by DMCC, subsequently on 30 March 2023.

The registered office of the Company is located at Unit No. 1807, JBC3, Plot No. JLT-PH2-Y1A, Jumeirah Lakes Towers, Dubai, UAE.

B. Business activities

The Company's previous assets primarily included working interests in oil and gas blocks situated in the Republic of Yemen and Peru.

Country	*Block Name*	*Working interest* 2022	2021	*Remarks*	*Area in (Sq.*
Republic of Yemen*	Block 34	-	-	Operator	7,016
	Block 37	-	-	Operator	6,894
Peru **	Block 39	-	-	Non-Operator	865

*Production Sharing Agreements (PSAs) for Yemen Blocks 34 and 37 were terminated on 5 October 2015.
** The Company has withdrawn from License Contract and Joint Operating agreement for Exploration and Exploitation of Hydrocarbons in Peru through the Deed of Assignment and Indemnity effective as of 31 December 2016. Pursuant to Supreme Decree 001-2019-EM, published on 3 January 2019, and Public Deed of Assignment of the License Contract, signed on 10 July 2019, the company has no working interest in the block.

2.1 STATEMENT OF COMPLIANCE

These financial statements of the company have been prepared in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepares financial statements as per International Financial Reporting Standards (IFRS) as notified by International Accounting Standard Board and the same has been re-prepared under Ind AS for limited purpose of its consolidation into Reliance Industries Limited (the ultimate holding company).

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting polices below. The accounting policies have been applied consistently over all period presented in these financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.
In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 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:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Property Plant and Equipment:

The Company is carrying values of property plant and equipment as deemed cost as at January 1, 2015 (date of transition to Ind AS). They are subsequently carried at cost less accumulated depreciation. Depreciation is provided on written down value method (WDV) based on management estimated useful lives of the assets as under. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Particulars	**Rates**
Computers	40%
Furniture & fixtures	18%
Office equipments	14%
Vehicles	26%

B. Leases:

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability which comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line item in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

a). the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

b). the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

c). a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the statement of profit and loss.

C. Borrowing costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

D. Inventories:

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method and comprises direct purchase costs. Full provision is made for obsolete supplies. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

E. Impairment of Non-Financial assets:

Impairment indicators

The recoverable amounts of cash-generating units or individual assets as applicable are determined based on higher of value-in-use calculations or fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that oil and gas price assumption may change, which may then impact the estimated life of the field and require a material adjustment to the carrying value of intangible assets under development and development rights (oil and gas).

Others

At each balance sheet date, the Company assesses whether there is any indication that any property, plant, equipment and intangible assets may be impaired. lf any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Company monitors other internal and external indicators of impairment relating to its tangible and intangible assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. ln assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

lf the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

F. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed unless the possibility of outflow of resources embodying economic benefit is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefits is probable.

G. Impairment of tangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

H. Revenue recongition:

Revenue is recognized based on the delivery of performance obligation and assessment of when control of promised goods / services is transferred to a customer, at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods / services. Revenue is measured at the amount of the transaction price allocated to that performance obligation. Revenue from the production of oil and gas in which the Company has an interest with other producers is recognised based on the Company's working interest (the entitlement method).

Sale of products

Revenue from sale of products is recognised when the control on the goods has been transferred to a customer. The performance obligation in case of sale of products is satisfied at a point in time as per the terms of agreement with the individual customer.

I. Interest Income

Interest income from a financial asset is recognised when it is probable that 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.

J. Other Income

Other income generated outside the Company's normal business operation is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

K. Foreign currencies:

For the purpose of these financial statements, US Dollars (USD) is the functional and presentation currency of the Company.

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of profit and loss which they arise.

L. Financial Instruments:

I. Non-derivative financial instruments

i. Financial assets

a. Initial recognition and measurement

All financial assets are initially recognised 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.

b. Subsequent measurement

Financial assets carried 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.

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

Financial assets 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.

Financial assets 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.

c. Equity instruments

Equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

d. Impairment of financial assets

Company assesses impairment based on expected credit loss (ECL) model to the following:

(a) Financial assets at amortised cost

(b) Financial assets measured at fair value through Other Comprehensive Income

Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of profit and loss. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of profit and loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

ii. Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognised 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.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised 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.

II. De-recognition of financial instruments

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Reliance Exploration & Production DMCC
Corporate information and significant accounting policies for the year ended 31 December 2022

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

2.4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTINITY:

In the application of the Company's accounting policies, which are described in note 2.3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

i).Critical judgments in applying accounting policies

Below are the critical judgment, apart from those including estimations, that the management has made in the process of applying the Company's accounting policies and has the most significant effect on the amounts recognised in the financial statements.

a. Classification of preference shares

In the process of classifying preference shares, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its components, on initial recognition is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in Ind AS 32 Financial Instruments: Presentation, in particular, whether the instrument includes a contractual obligation to a fixed number of ordinary shares for each preference share at the point of conversion. Management and the directors of the Company have concluded that the classification of the preference shares as an equity instrument in the financial statements is appropriate and in accordance to Ind AS 32 Financial Instruments: Presentation.

b. Contingencies

By nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment regarding the outcome of future events.

c. Significant increase in credit risk

ECL are measured as an allowance equal to lifetime ECL for assets. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

d. Classification of a loan to a related party

In the process of classifying loan to a related party, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its component parts, on initial recognition is classified as a financial asset or as an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in Ind AS 32 Financial Instruments: Presentation. Management and the directors of the Company have concluded that the classification of the loan granted as financial asset in the financial statements as there is a contractual obligation to receive interest and repayment of loan.

ii). Key sources of estimation uncertainty

No key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period exists that may have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

3. PROPERTY, PLANT AND EQUIPMENT

In USD

Description	Gross Block				Depreciation				Net Block
	As at 01-01-2022	Additions	Deductions	**As at 31-12-2022**	As at 01-01-2022	For the year	Deductions	**Upto 31-12-2022**	**As at 31-12-2022**
TANGIBLE ASSETS									
Computers	35,897	-	-	**35,897**	35,269	628	-	**35,897**	**-**
Furniture & Fixtures	58,251	-	-	**58,251**	28,573	3,374	-	**31,947**	**26,304**
Office equipments	17,721	-	-	**17,721**	10,364	839	-	**11,203**	**6,518**
Total	1,11,869	-	-	**1,11,869**	74,206	4,841	-	**79,047**	**32,822**

In USD

Description	Gross Block				Depreciation				Net Block
	As at 01-01-2021	Additions	Deductions	**As at 31-12-2021**	As at 01-01-2021	For the Year	Deductions	**Upto 31-12-2021**	**As at 31-12-2021**
TANGIBLE ASSETS									
Computers	35,897	-	-	**35,897**	34,721	548	-	**35,269**	**628**
Furniture & Fixtures	58,251	-	-	**58,251**	25,144	3,429	-	**28,573**	**29,678**
Office equipments	17,721	-	-	**17,721**	9,412	952	-	**10,364**	**7,357**
Total	1,11,869	-	-	**1,11,869**	69,277	4,929	-	**74,206**	**37,663**

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

4 LOANS (NON-CURRENT)

	As at 31 December 2022	As at 31 December 2021 (*In USD*)
Unsecured and Considered Good		
Loan to a related party (Refer Note 6A, 19)	-	34,50,85,287
TOTAL	**-**	**34,50,85,287**

5 CASH AND CASH EQUIVALENTS

	As at 31 December 2022	As at 31 December 2021 (*In USD*)
Balance with banks	**1,51,754**	18,61,897
TOTAL	**1,51,754**	18,61,897

6 LOANS (CURRENT)

	As at 31 December 2022	As at 31 December 2021 (*In USD*)
Unsecured and Considered Good		
Loan to a related party (Refer Note 6A, 19)	**33,01,00,104**	-
TOTAL	**33,01,00,104**	-

6A In 2017, the Company provided a loan to Reliance Industries Middle East DMCC (RIME), amounting to USD 241,233,453. During the year, partial payment of USD 3,635,000 has been received from RIME (2021: USD 28,500,000).

Further, during the year, it had been agreed between Company's management and RIME that the total yield for the entire tenure of the loan should be restricted at 7.50% per annum. As per the agreement, the loan will be settled with bullet repayment from RIME on 31 December 2023, for the outstanding balance as of that date.

7 OTHER FINANCIAL ASSETS (CURRENT)

	As at 31 December 2022	As at 31 December 2021 (*In USD*)
Receivable from JV partner	-	15,10,575
Less: Provision for impairment	-	(15,10,575)
TOTAL	**-**	**-**

8 OTHER CURRENT ASSETS

(Unsecured and considered good)

	As at 31 December 2022	As at 31 December 2021 (*In USD*)
Deposits	8,738	9,898
TOTAL	**8,738**	**9,898**

The Company's exposure to credit and currency risks related to accounts receivable are disclosed in note 16.

9 EQUITY SHARE CAPITAL

In USD

	As at 31 December 2022	As at 31 December 2021
Authorised:		
176,200 Equity Shares of AED 1,000 each	**4,79,85,402**	4,79,85,402
TOTAL	**4,79,85,402**	4,79,85,402
Issued, Subscribed and Paid up:		
176,200 Equity Shares of AED 1,000 each fully paid up (Refer Note 9.1)	**4,79,85,402**	4,79,85,402
TOTAL	**4,79,85,402**	4,79,85,402

9.1 1,50,000 (Previous year 1,50,000) equity shares issued for consideration other than cash.

9.2 Effective 21 December 2022, the equity shares of the Company have been transferred to Reliance Industries Limited (RIL). The application for transfer of shares is approved by DMCC, subsequently on 30 March 2023.

9.3 **Details of shareholders holding more than 5% shares :**
Equity Shareholder

Name of the Shareholder	**As at 31 December 2022**		As at 31 December 2021	
	No. of Shares	% held	No. of Shares	% held
Reliance Strategic Business Ventures Limited (RSBVL) (Refer Note 1 A)	**1,76,200**	100%	1,76,200	100%

9 A PREFERENCE SHARE CAPITAL

In USD

	As at 31 December 2022	As at 31 December 2021
Authorised:		
2,756,250 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each	**75,00,00,000**	75,00,00,000
TOTAL	**75,00,00,000**	75,00,00,000
Issued, Subscribed and Paid up:		
5% Non-cumulative compulsorily convertible preference shares of AED 1000 fully paid up	**40,56,33,057**	40,56,33,057
TOTAL	**40,56,33,057**	40,56,33,057

9 A.1 Issued and fully paid 5% Non-cumulative compulsorily convertible preference shares represent 1,490,700 (2021: 1,490,700 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each issued by way of conversion of loan and share application money.

8 A.2 During the year, the Company has not received any share application money (2020: USD 4,610,000) from RSBVL and Company has returned an amount of USD 4,610,000 (2020 Nil) towards refund of share application money to RSBVL no preference shares have been issued and allotted in 2021 and 2020.

9 A.2 The 5% Non-cumulative compulsorily convertible preference shares will have to be converted into equity shares at any time during the first 5 years in the ratio of 1:1 and at any time after 5 years till 10 years in the same ratio of 1:1.

9 A.3 Based on the terms of issue of preference shares, the Company will issue fixed number of equity shares for each preference share. Accordingly, these preference shares have been classified as part of equity in the financial statements.

9 A.4 Effective 21 December 2022, the preference shares of the Company have been transferred to Reliance Industries Limited (RIL). The application for transfer of shares is approved by DMCC, subsequently on 30 March 2023.

9 A.5 **Details of shareholders holding more than 5% shares :**
Preference Shareholder

Name of the Shareholder	**As at 31 December 2022**		As at 31 December 2021	
	No. of Shares	% held	No. of Shares	% held
Reliance Strategic Business Ventures Limited (RSBVL) (Refer Note 1 A)	**14,90,700**	100%	14,90,700	100%

In USD

	As at 31 December 2022	As at 31 December 2021
10 OTHER EQUITY		
Share Application money pending allotment:		
Opening balance	-	46,10,000
Share Application money repaid during the period (Ref Note 10.1 & 10.2)	-	(46,10,000)
Closing balance	-	-
Retained Earnings :		
Opening balance	**(10,66,50,941)**	(23,28,99,205)
Add : Total comprehensive (loss) /income for the period	**(1,68,21,535)**	12,62,48,264
Closing balance	**(12,34,72,476)**	**(10,66,50,941)**
TOTAL	**(12,34,72,476)**	**(10,66,50,941)**

10.1 Share application money pending for allotment represents application money received from parent company 'Reliance Strategic Business Ventures Limited ' on account of 5% Non-cumulative compulsorily convertible preference shares.

10.2 During the year, the Company has made no returns (2021: USD 4,610,000) towards refund of share application money to RSBVL

11 OTHER FINANCIAL LIABILITIES (CURRENT)

In USD

	As at 31 December 2022	As at 31 December 2021
Other Payables	**1,47,435**	27,227
TOTAL	**1,47,435**	**27,227**

12 FINANCE (COST) / INCOME

In USD

	2022	2021
Interest (cost) / income (Refer Note. 19)	**(1,13,50,183)**	9,15,67,005
Incremental premium (Refer Note. 19)	**-**	4,07,84,829
TOTAL	**(1,13,50,183)**	**13,23,51,834**

13 FINANCE COSTS

In USD

	2022	2021
Bank charges	**6,809**	3,213
TOTAL	**6,809**	**3,213**

14 OTHER EXPENSES

In USD

	2022	2021
Professional fees	**64,877**	51,697
Lease rental (Refer Note 14.1)	**29,602**	26,845
Audit fees	**13,560**	12,724
General and administrative expenses	**53,51,663**	60,04,162
TOTAL	**54,59,702**	**60,95,428**

14.1 Expense for 2022 relates to short-term lease payment of USD 29,602 (2021 USD 26,845)

15 EARNINGS PER SHARE (EPS)

Basic earning per share is computed by dividing the net (loss) / profit attributable to shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net (loss) / profit and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

	2022	2021
i) Net (Loss) / profit as per Statement of Profit and Loss attributable to the owners of the Company (USD)	(1,68,21,535)	12,62,48,264
ii) Weighted average number of equiry shares:		
-Basic	1,76,200	1,76,200
Add: Effect of dilution upon issue of compulsorily convertible Preference Shares	14,90,700	14,90,700
- Diluted	16,66,900	16,66,900
iii) Basic earnings per share (USD)	(95.47)	716.51
iv) Diluted earnings per share (Restricted to Basic EPS as it is Anti Dilutive) (USD)	(95.47)	75.74

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

16. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company is exposed to the following risks related to financial instruments - credit risk, liquidity risk, interest risk and foreign currency risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative or risk management purposes.

(a). Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivable and prepayments and bank balances.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually. The Company uses its own trading records to rate its major customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of each reporting period was:

		In USD
	2022	2021
Loan to a a related party (Refer Note 19)	**33,01,00,104**	34,50,85,287
Deposits	**8,738**	9,898
Bank balances	**1,51,754**	18,61,897
	33,02,60,596	**34,69,57,082**

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(b). Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and support from shareholder, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual maturities of the financial instruments, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

		In USD
	Current	**Non-current**
	Less than	**Greater than**
	1 year	**1 year**
31 December 2022		
Other payables	1,47,435	-
	1,47,435	-
31 December 2021		
Other payables	27,227	-
	27,227	-

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

(c). Interest rate risk:

Interest rate risk is the risk that arises from timing difference in the maturity of Company's interest bearing assets and liabilities. The Company does not have any significant exposure to interest rate risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial instruments at the end of the reporting period. For variable rate assets, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

There is no risk of interest rate sensitivity as the interest is charged on a fixed rate.

(d). Currency risk:

A majority of the Company's transactions are in USD or currencies that are pegged to the USD (AED) and therefore the Company is not exposed to significant foreign currency risks.

(e). Capital management:

The Company's policy is to maintain a strong capital base with the financial assistance of RSBVL in order to support the operations and to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure to be able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Company's overall strategy remains unchanged from 2021.

The Company's capital structure comprises cash and bank balances and equity, comprising issued capital, preference share capital and accumulated losses as disclosed in the statement of changes in equity.

(f). Fair value measurements:

Management considers that the fair values of financial assets and financial liabilities approximate their carrying amounts as stated in the financial statements.

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

17. CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31 December 2022	As at 31 December 2021
Financial Assets			
Measured at amortised cost (AC)			
(i) Cash and cash equivalents	5	1,51,754	18,61,897
(ii) Loans to a related party	4,6	33,01,00,104	34,50,85,287
Financial liabilities			
Measured at amortised cost (AC)			
(i) Other payables	11	1,47,435	27,227

18. GOING CONCERN CONSIDERATIONS:

The Company had accumulated losses amounting to USD 123,472,476 at 31 December 2022 (2021: USD 106,650,941). Furthermore, the Company no longer has any working interest in any exploration block as stated in note 1. Notwithstanding all of the above, the financial statements have been prepared on a going concern basis as the shareholder has expressed its continuing support and does not intend to liquidate the Company.

19 RELATED-PARTY DISCLOSURES

As per Ind As 24, the disclosures of transaction with the related parties are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationship

Name of the related party	**Relationship**
Reliance Industries Limited	Holding Company (Control exists)
Reliance Strategic Business Ventures Limited	Parent Company (Control exists)
Reliance Industries (Middle East) DMCC	Fellow Subsidiary

(ii) Transactions during the year with related parties

In USD

Name of the related party	**Nature of Transaction**	**2022**	2021
Reliance Strategic Business Ventures Limited	Share Application money (returned)	-	(46,10,000)
Reliance Industries (Middle East) DMCC	Partial repayment of loan	**36,35,000**	2,85,00,000
Reliance Industries (Middle East) DMCC	Repayment of advance	-	(11,45,662)
Reliance Industries (Middle East) DMCC	Finance (cost) / Income	**(1,13,50,183)**	13,23,51,834

In USD

Name of the related party	**Balances as at year end**	**As at 31 December 2022**	As at 31 December 2021
Reliance Industries (Middle East) DMCC	Loan to a relatd party	**33,01,00,104**	34,50,85,287

Movement of loan to related party:

In USD

	As at 31 December 2022	As at 31 December 2021
Opening Balance	34,50,85,287	24,12,33,453
Finance (cost) / Income (Note. 12)	(1,13,50,183)	13,23,51,834
Payment received	(36,35,000)	(2,85,00,000)
Closing Balance	**33,01,00,104**	34,50,85,287

(iii) Terms and conditions of transactions with related parties
Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the reporting period are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(iv) The Company did not incurred key management compensation expenses during the years ended 31 December 2022 and 2021.

Reliance Exploration & Production DMCC
Notes to financial statements for the year ended 31 December 2022

20. CONTINGENT LIABILITIES AND COMMITMENTS
(I). Commitments disclosure
No capital commitments existed as at 31 December 2022.

		In USD
	As at 31 December	As at 31 December 2021
(II). Contingent liabilities		
Liability towards GAPCO agreement	-	49,60,000

(III).The Company along with its Partner (Hood Energy Limited) (hereinafter together referred to as "Joint Operation") were parties to a working interest in oil and gas blocks situated in the Republic of Yemen, as disclosed in note 1. A commitment arose as a result of a possible Minimum Work Obligation ("MWO") relating to the work programs governed under the PSAs which were executed between the Joint Operation and the Republic of Yemen for Blocks 34 and 37. This MWO was secured by two Standby Letters of Credits ("SBLCs") amounting to total of $ 25 million (the Company's interest is USD 17.5 million), which were issued by State Bank of India ("SBI") at the request of Reliance Industries Ltd. ("RIL") and back to back SBLCs were issued by United Bank Limited ("UBL") (together 'Banks'). The SBLCs were issued in favour of the Republic of Yemen, represented by the Yemeni Ministry of Oil and Minerals.

Joint Operation could not complete MWO due to Force Majeure, on account of war like situation in Yemen. Joint Operation's Force Majeure Notice was rejected by the Republic of Yemen. The Joint Operation (as Claimants) pursued an arbitration against the Republic of Yemen before the ICC Paris in accordance with the dispute resolution clause of the PSAs, for declaring validity of the Force Majeure Notice and subsequent termination (resulting in the termination of SBLCs). The ICC Tribunal ruled in favour of the Claimants stating that Force Majeure event existed, and the PSAs were validly terminated by the Claimants and that the SBLCs cannot be validly drawn by the Republic of Yemen. It also awarded the Claimants legal costs and Republic of Yemen accrued bonus and fixed taxes. ICC also ruled on the clarification applications filed by both the parties regarding payment of interest on the amount awarded and unpaid bonus. Subsequently, the Republic of Yemen filed an Annulment Application against the Final ICC Award before the Paris Court but subsequently withdrew it, which was confirmed by ICC Paris vide Order of 29 March 2019 making the ICC Final Award final and binding on all the parties.

Prior to commencement of the ICC arbitration, RIL and the Company had also approached the Bombay High Court and obtained injunction against the Banks from paying Republic of Yemen under the SBLCs. On 11 December 2020, Bombay High Court disposed-off RIL's suit against the Banks on the basis of ICC Tribunal's Award and Paris Court Order. Vide Order dated 8 January 2021, the Bombay High Court has clarified that the Banks are not entitled to make payment under the SBLCs in terms of Bombay High Court's earlier Order dated 2 March 2016.
There have been no further developments in the matter since 2021.

21. UNHEDGED FOREIGN CURRENCY EXPOSURE
Foreign Currency Exposure that are not hedged by derivative instruments as on 31 December 2022 amount to USD NIL (previous year USD 4,863)

22. SEGMENT REPORTING
The Company is engaged in the business of trading of refined oil products, crude oil, lubricants, grease, tar and asphalt. However, currently the Company is not doing any of these activities and does not hold interest in any Oil & Gas blocks.Consequently there is a single business and geographic segment.

23. These Financial Statements are approved for issue by the management of the company on 20 April 2023.