

Montrose International, S. A. Panamá

**Report and Financial Statements
March 31, 2020**

Montrose International, S. A. Panamá

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Independent Auditors' Report

To the Board of Directors of
Montrose International, S. A. Panamá

Our opinion

In our opinion, Montrose International S. A. Panama (the “Company”) financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company’s financial statements comprise:

- the Statement of financial position as at March 31, 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Panama.



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Emphasis of Matter

We draw attention to Note 1 to these financial statements, which refers to the intention of the Board of Directors of the parent of the Company to liquidate the Company's business subsequent to the Financial Position date, subject to approval from the Reserve Bank of India. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not qualified in respect of this matter..

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

May 11, 2020
Panama, Republic of Panama

Montrose International, S. A. Panamá

Statement of Financial Position

March 31, 2020

(Amounts in United States dollars)

	Note	2020	2019
Assets			
Current assets			
Cash in banks		<u>1,241,808</u>	<u>1,248,480</u>
Total assets		<u><u>1,241,808</u></u>	<u><u>1,248,480</u></u>
Equity and Liabilities			
Equity			
Share capital	3	500,000	500,000
Retained earnings		<u>731,116</u>	<u>736,240</u>
Total equity		<u>1,231,116</u>	<u>1,236,240</u>
Liabilities			
Current liabilities			
Accrued expenses		<u>10,692</u>	<u>12,240</u>
Total liabilities		<u>10,692</u>	<u>12,240</u>
Total equity and liabilities		<u><u>1,241,808</u></u>	<u><u>1,248,480</u></u>

The accompanying notes are an integral part of these financial statements.

Montrose International, S. A. Panamá

Statement of Comprehensive Income For the year ended March 31, 2020 *(Amounts in United States dollars)*

	2020	2019
General and administrative expenses		
Reversal of doubtful accounts	-	1,230,440
Professional charges	(11,863)	(13,591)
Bank charges and exchange rate differences	<u>-</u>	<u>(132)</u>
	(11,863)	1,216,717
Other income		
Interest income	<u>6,739</u>	<u>-</u>
Net (loss) income	<u><u>(5,124)</u></u>	<u><u>1,216,717</u></u>

The accompanying notes are an integral part of these financial statements.

Montrose International, S. A. Panamá

Statement of Changes in Equity For the year ended March 31, 2020

(Amounts in United States dollars)

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at March 31, 2018	500,000	(480,477)	19,523
Net income	<u>-</u>	<u>1,216,717</u>	<u>1,216,717</u>
Balance as at March 31, 2019	500,000	736,240	1,236,240
Net loss	<u>-</u>	<u>(5,124)</u>	<u>(5,124)</u>
Balance as at March 31, 2020	<u>500,000</u>	<u>731,116</u>	<u>1,231,116</u>

The accompanying notes are an integral part of these financial statements.

Montrose International, S. A. Panamá

Statement of Cash Flows For the year ended March 31, 2020

(Amounts in United States dollars)

	2020	2019
Cash flows from operating activities		
Net (loss) income	(5,124)	1,216,717
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Reversal of provision for doubtful accounts	-	(1,230,440)
Net changes in operating assets and liabilities		
Due from related parties	-	1,237,118
Accrued expenses	<u>(1,548)</u>	<u>(5,910)</u>
Net cash (used in) provided by operating activities	<u>(6,672)</u>	<u>1,217,485</u>
(Decrease) net increase in cash	(6,672)	1,217,485
Cash at beginning of the year	<u>1,248,480</u>	<u>30,995</u>
Cash at end of year	<u><u>1,241,808</u></u>	<u><u>1,248,480</u></u>

The accompanying notes are an integral part of these financial statements.

Montrose International, S. A. Panamá

Notes to the Financial Statements

March 31, 2020

(Amounts in United States dollars)

1. General Information

Montrose International S. A. here-in-after called (the “Company”) is a company registered in the Republic of Panama. The Company was engaged in the business of import, export and trading of alcoholic beverages and cigarettes. However, on 25 October 2016, the Company has surrendered its licenses to import, export and trade in alcoholic beverages and cigarettes.

The Company is owned by United Spirits Limited, India. The Company had a branch in Fujairah Free Zone, UAE and the business were done completely in the Fujairah branch. Consequently, with the surrender of its aforementioned licenses, the operations at the branch have ceased.

The Board of Directors of United Spirits Limited (USL), the holding company of Montrose International S. A., had on May 24, 2018 approved liquidation of Montrose International, S. A. Subsequently, USL has filed an application seeking approval of Reserve Bank of India (RBI), India’s Central Banking institution for disinvestment by way of voluntary liquidation of Montrose International S.A., as a consequence, the financial statements are prepared on a liquidation basis.

All assets and liabilities have been recognized as current at their fair value. On the basis of their assessment, the company’s directors estimated that the fair value approximates to the carrying value as at 31 March 2020.

Covid-19

On March 11, 2020, the World Health Organization declared the coronavirus strain (COVID-19) in the category of pandemic. The Management doesn’t foresee that this will have any impact in the Company’s operation, because as stated in Note 1, the Company is in process of liquidation the business operations following the approval of the Reserve Bank of India, India’s Central Banking institution.

The financial statements were authorized for their issuance by Management on April 29, 2020.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies adopted by the Company in the preparation of these financial statements is presented as follows; these have been consistently applied to the period presented, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared under the historical cost convention.

Montrose International, S. A. Panamá

Notes to the Financial Statements

March 31, 2020

(Amounts in United States dollars)

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires Management to use judgment and accounting estimates. There are not estimates balances for the years ended 31 March 2020 and 2019.

a. New Standards and Amendments adopted by the Company

The Company has applied the following standard and amendments for the first time in the submission of its annual financial statements from April 1, 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty related to the Treatments of Income tax.
- Modifications to IFRS 9 Features of Early Compensation with Negative Compensation.
- Modifications to IAS 28 Long-term Participation in Associates and Joint Ventures.
- Modifications to IAS 19 Modification, Reduction or Liquidation of the Plan.
- Annual Improvements to IFRS 2015-2017 Cycle.

The standards and amendments listed above did not have any impact of the amount recognized in previous period and are not expected affect current or further period.

As a result of the foregoing, comparative information has been prepared in accordance with the accounting policies previously applied by the Company.

b. New Standards and Amendments not yet Adopted by the Company

New standard, interpretations and amendments to accounting standards have been published but are not mandatory for the year ended March 31, 2020 and have not been adopted in advance by the Company. The main changes of these new rules are presented below:

- Revised Conceptual Framework of reporting
- IAS 1 and IAS 8 Presentation of Financial Statements and accounting policies, change Accounting Estimate

The Company is still in the process of evaluating its total impact, effective for the annual periods beginning on or after January 1, 2020.

There are no other standards and amendments issued and that are not yet effective that are expected to have a material impact on the Company financial statements.

Montrose International, S. A. Panamá

Notes to the Financial Statements

March 31, 2020

(Amounts in United States dollars)

2. Summary of Significant Accounting Policies (Continued)

Functional and Presentation Currency

These financial statements are expressed in US\$ Dollars, rounded to the nearest Dollar.

Financial Instruments

Non - Derivative Financial Assets

The Company initially recognizes deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Non-Derivative Financial Liabilities

Trade payables are recognized initially at the transaction price and sub-sequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Impairment of Assets

Financial Assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Cash

Cash for the purpose of cash flow statement consist of cash at bank.

Montrose International, S. A. Panamá

Notes to the Financial Statements

March 31, 2020

(Amounts in United States dollars)

3. Share Capital

The share capital comprises 500 fully paid shares of US\$1,000 - each.

4. Financial Risk Management Objectives and Policies

Credit Risk

Financial assets, which potentially subject the Company to credit risk, comprises mainly of bank balances. Bank balances are with regulated financial institutions.

Interest Rate Risk

The Company does not have credit facilities from any banks or financial institutions.

Exchange Rate Risk

There were no significant exchange rate risks as the financial assets and liabilities are denominated in US\$ Dollars.

Liquidity Risk

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payment dates:

	<u>3 Months</u>	<u>Total</u>
Financial liabilities as at March 31, 2020		
Accrued expenses	<u>10,692</u>	<u>10,692</u>
Financial liabilities as at March 31, 2019		
Accrued expenses	<u>12,240</u>	<u>12,240</u>

5. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include bank balances. Financial liabilities of the Company include accrued expenses and provisions. The fair values of the financial assets and liabilities are not materially different from their carrying values unless stated otherwise.