

Affinity USA LLC

Financial Statements

For the year ended 31st December, 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF AFFINITY USA LLC.**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Affinity USA LLC. (“the Company”), which comprise the Balance Sheet as at December 31, 2021, the Statement of Profit and Loss including other comprehensive income, Statement of Cash Flows and Statement of Changes in Equity for the year then 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 standalone financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’) and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2021, and its profit / (loss), its total comprehensive income / (loss), its cash flows and changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor’s Report Thereon

As informed to us, there is no information other than the standalone financial statements. Consequently, in our opinion, the reporting requirement under SA 720 “The Auditor’s Responsibilities Relating to Other Information” are not applicable.

Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records 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 standalone financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Reporting Requirements

We further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
- b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity, and dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone financial statements.

Restriction on Distribution and Use

These standalone financial statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Reliance Industries Limited, the Holding Company. As a result, these standalone financial Statements may not be suitable for another purpose. Our report is intended solely for the use of the Company and should not be distributed to or used by other parties.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W/W-100018)

(Abhijit A. Damle)
Partner
Membership No: 102912
UDIN: 22102912AHJQO6180

Mumbai: April 8, 2022

AFFINITY USA LLC
Balance Sheet as at 31 December, 2021
(amounts in US Dollars)

	Notes	As at 31 December, 2021	As at 31 December, 2020
ASSETS			
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	3	-	-
Total Current Assets		-	-
Total Assets		-	-
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital / Member's contribution	4	-	-
Total Equity		-	-
Total Equity and Liabilities		-	-
Corporate information and significant accounting policies and notes to the financial statements	1 - 7		

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

AFFINITY USA LLC
Statement of Profit and Loss for the year ended 31 December, 2021
(amounts in US Dollars)

	Notes	2021	2020
INCOME			
Total Income		-	-
EXPENSES			
Total Expenses		-	-
Profit / (Loss) for the year		-	-
Other comprehensive income (OCI)		-	-
Total comprehensive income for the year		-	-
Corporate information and significant accounting policies and notes to the financial statements	1 - 7		

As per report of our even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date: April 08, 2022

Walter Van de Vijver
Director
Place: Houston
Date: April 06, 2022

AFFINITY USA LLC
Statement of Changes in Equity for the year ended 31 December, 2021
(amounts in US Dollars)

A. MEMBER'S CONTRIBUTION / EQUITY SHARE CAPITAL

Balance as at 01 January, 2020	Changes during the year 2020 (Refer notes 1.D & 4.2)	Balance as at 31 December, 2020	Changes during the year 2021	Balance as at 31 December, 2021
10,000	(10,000)	-	-	-

B. SHARE OF NET INCOME

Year ended 31 December, 2020	
Balance as at 01 January, 2020	-
Profit / (Loss) for the year	-
Balance as at 31 December, 2020	-

Year ended 31 December, 2021	
Balance as at 01 January, 2021	-
Profit / (Loss) for the year	-
Balance as at 31 December, 2021	-

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

AFFINITY USA LLC

Statement of Cash Flows for the period ended 31 December, 2021.

(amounts in US Dollars)

	Notes	2021	2020
Cash flows from operating activities			
Profit / (Loss) before tax as per Statement of Profit and Loss		-	-
Net cash (used in) operating activities		-	-
Net cash (used in) investing activities		-	-
Cash flows from financing activities			
Distribution of bank balance	1.D	-	(10,000)
Net cash (used in) financing activities		-	(10,000)
Net (decrease) in cash and cash equivalents		-	(10,000)
Cash and cash equivalents at the beginning of the year		-	10,000
Cash and cash equivalents at the end of the year	3	-	-
Corporate information and significant accounting policies and notes to the financial statements	1 - 7		

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board**Abhijit A. Damle**

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

AFFINITY USA LLC**Notes to the financial statements for the year ended 31 December, 2021****1. GENERAL INFORMATION**

- A Affinity USA LLC (the "Company") was incorporated as a Delaware corporation on 15 July, 2019 as Affinity USA Inc.. The registered office of the Company is situated at 1675 South State Street, Ste. B, Dover, County of Kent, Delaware 19901, United States of America for investment in future oil, gas & other strategic businesses.
- B On 1 July, 2020, the Company was converted from a Corporation to a Limited Liability Company and accordingly renamed as Affinity USA LLC.
- C Till 20 August, 2020, the Company was a wholly owned subsidiary of Reliance Holding USA Inc. ("RHUSA") and an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed Company ("RIL").
- D Pursuant to a Composite Scheme of Amalgamation and Plan of Merger ('Scheme') amongst RHUSA, Reliance Energy Generation & Distribution Limited ("REGDL") and RIL, effective 21 August, 2020, RHUSA stands merged with REGDL & subsequently REGDL stands merged with RIL. As a result, the Company is now a direct subsidiary of RIL.

Prior to the above, vide a Distribution & Contribution Agreement dated 1 July, 2020, the Company distributed the following assets to RHUSA, it's erstwhile holding company:

Sr.	Particulars	Book Value (USD)
i.	Bank balance	10,000
	Total assets	10,000

2.1 STATEMENT OF COMPLIANCE

The 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.

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 value at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been applied consistently over all period presented in these financial statement.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Taxation:**

The Company is a disregarded entity for federal or state income tax purposes. The income tax liability from Company's activities up to 20 August, 2020, the date when RHUSA merged with REGDL & subsequently REGDL merged with RIL, will be the responsibility of Reliance Marcellus LLC, a fellow subsidiary. As the entity does not hold any assets and carry on trades or business within the US, it is not liable to any income tax filing requirements beyond 2020.

B. Financial Instruments:**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 profit or 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.

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.

AFFINITY USA LLC

Notes to the financial statements for the year ended 31 December, 2021

(amounts in US Dollars)

3. CASH AND CASH EQUIVALENTS

	As at 31 December, 2021	As at 31 December, 2020
Balance with bank (Refer Note 1.D)	-	-
Total	-	-

4 EQUITY SHARE CAPITAL / MEMBER'S CONTRIBUTION

	As at 31 December, 2021	As at 31 December, 2020
Authorised share capital:		
50 Common Stock of USD 10,000 each	-	-
50 Preferred Stock of USD 10,000 each	-	-
Issued, Subscribed and Paid up:		
1 Common Stock of USD 10,000 fully paid up	-	10,000
Less : Conversion from common stock to common membership interest on conversion from Corporation to LLC (Refer Note 4.2)	-	(10,000)
Total	-	-
Member's Contribution		
Contribution by Holding Company (Refer note 4.2)	-	10,000
Less: Asset distributed (Refer note 1.D)	-	(10,000)
TOTAL	-	-

4.1 Details of members holding more than 5% interest:

Name of the Member	As at 31 December, 2021		As at 31 December, 2020	
	No. of Common Membership Interest	% held	No. of Common Membership Interest	% held
Reliance Industries Limited	-	100%	-	100%
Total		100%		100%

4.2 On 1 July 2020, the Company was converted from a corporation to a Limited Liability Company and accordingly its entire authorized capital got extinguished and outstanding common stock of USD 10,000 was converted into one common membership interest in the Company.

AFFINITY USA LLC**Notes to the financial statements for the year ended 31 December, 2021***(amounts in US Dollars)***5. GOING CONCERN CONSIDERATION**

The Company currently does not have any assets and/or liabilities. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future basis the continued support from Reliance Industries Limited (RIL), the ultimate 100% holding company. Hence, the accounts are prepared on a going concern basis.

6. RELATED PARTY

As per Ind AS 24, list of related parties where control exists and related parties with whom transactions have taken place and relationships are given below:

Name of the related party	Relation
Reliance Industries Limited (from 21 August, 2020)	Holding Company (control exists)
Reliance Holding USA Inc (upto 20 August, 2020)	Holding Company (control existed)

Name of the related party	Nature of Transaction	2021	2020
Reliance Holding USA Inc	Distribution of bank balance	-	10,000

7. The financial statements are approved for issue by Company's Board of Directors on April 06, 2022.

For and on behalf of the Board

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022