RIL USA, INC.
Financial Statements
For the year ended 31st December, 2021

Independent Auditor's Report

To the Board of Directors of RIL USA Inc.

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of RIL USA Inc. ("the Company"), which comprise the Balance Sheet as at 31 December 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the 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 special purpose financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of 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 31 December 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose 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 special purpose 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 special purpose financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 special purpose financial statements.

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

As informed to us, there is no information other than special purpose 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 Special Purpose Financial Statements

The Company's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income , cash flows and changes in equity of the Company in accordance with the 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 statement that give a true and

Independent Auditor's Report

fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 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.
- Identify and assess the risks of material misstatement of the special purpose 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 financial 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 the 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 special purpose 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.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose 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 special purpose 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

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.
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 dealt with by this Report are in agreement with the relevant books of account.

Restriction on Distribution and Use

These special purpose Financial Statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Reliance Marcellus LLC, the holding company of RIL USA Inc.. As a result, these special purpose Financial Statements may note 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 parties.

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

Abhijit A. Damle
Partner
Membership No: 102912
(UDIN: 22102912AILCDA8328)

Place : Mumbai
Date : May 05, 2022

RIL USA INC

Balance Sheet as at December 31, 2021

(Amount in USD)

	Notes	As at December 31 2021	As at December 31 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**1**	36,582	23,022
Right of Use Assets	**1A**	7,472,721	16,387,645
Financial Assets			
Other financial assets	**2**	2,109,466	2,108,971
Deferred Tax Assets (net)	**3**	-	825,606
Other Non-Current Assets	**4**	255,961	-
Total Non-Current Assets		**9,874,730**	**19,345,244**
Current Assets			
Inventories	**5**	210,856,417	97,903,674
Financial Assets			
Trade Receivables	**6**	28,637,467	51,692,029
Cash and Cash Equivalents	**7**	2,045,624	15,630,927
Loans	**8**	7,049,583	-
Other Financial Assets	**9**	30,899,279	3,036,107
Current Tax Assets (net)		1,145,002	885,022
Other Current Assets	**10**	798,150	30,373,877
Total Current Assets		**281,431,522**	**199,521,636**
Total Assets		**291,306,252**	**218,866,880**
EQUITY AND LIABILITIES			
Equity			
Share Capital	**11**	3,000,000	3,000,000
Other Equity	**12**	137,603,856	136,330,857
Total Equity		**140,603,856**	**139,330,857**
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities		445,968	7,673,070
Total Non-Current Liabilities		**445,968**	**7,673,070**
Current Liabilities			
Financial Liabilities			
Borrowings	**13**	79,000,000	-
Lease Liabilities		7,129,564	8,813,747
Trade Payables	**14**	64,112,738	63,035,550
Other Financial Liabilities	**15**	14,126	-
Other Current Liabilities		-	13,656
Total Current Liabilities		**150,256,428**	**71,862,953**
Total Equity and Liabilities		**291,306,252**	**218,866,880**

Corporate Information and Significant Accounting Policies

Notes to the Financial Statements **1 to 30**

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date : May 05, 2022

Thakur Sharma
Director
Place: Houston
Date : April 27, 2022

Walter Van De Vijver
Director
Place: Houston
Date : April 27, 2022

RIL USA INC

Statement of Profit and Loss for the year ended December 31, 2021

(Amount in USD)

	Notes	2021	2020
INCOME			
Revenue from Operations			
Sale of Products	**16A**	1,033,689,231	795,709,335
Income from Services	**16A**	1,645,320	719,211
Other Income	**16B**	69,119	219,291
Total Income		**1,035,403,670**	**796,647,837**
EXPENDITURE			
Cost of Goods Sold	**17**	984,737,527	745,851,889
Employee Benefits Expense	**18**	4,127,519	3,449,411
Finance Costs	**19**	689,878	344,596
Depreciation and Amortisation Expense	**1 & 1A**	8,833,609	8,035,985
Other Expenses	**20**	34,763,038	33,537,667
Total Expenses		**1,033,151,571**	**791,219,548**
Profit Before Tax		**2,252,099**	**5,428,289**
Tax Expenses:	**21**		
Current Tax		45,763	297,431
Deferred Tax expense/ (income)		825,606	(471,294)
(Excess) Tax Provision of earlier years		(267,269)	-
		604,100	**(173,863)**
Profit for the Year		**1,647,999**	**5,602,152**
Other Comprehensive Income (OCI)		-	-
Total Comprehensive Income for the year		**1,647,999**	**5,602,152**
Earnings per share of face value of USD 10,000 each	**22**		
Basic (in USD)		**5,493**	**18,674**
Diluted (in USD)		**5,493**	**18,674**

Corporate Information and Significant Accounting Policies

Notes to the Financial Statements **1 to 30**

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date : May 05, 2022

Thakur Sharma
Director

Place: Houston
Date : April 27, 2022

Walter Van De Vijver
Director

Place: Houston
Date : April 27, 2022

RIL USA INC
Statement of Changes in Equity

For the year ended December 31, 2021

(a) Share Capital (Refer Note 11)

			(Amount in USD)
	Balance at the beginning of the reporting year	**Changes in Equity during the year**	**Balance at the end of the reporting year**
Share Capital	3,000,000	-	3,000,000

(b) Other equity

				(Amount in USD)
	Balance at the beginning of the reporting year	**Changes in Equity during the year**		**Balance at the end of the reporting year**
		Total Comprehensive Income for the year	**Dividend**	
Additional Paid in Capital	22,100,000	-	-	22,100,000
Retained Earnings	114,230,857	1,647,999	(375,000)	115,503,856
Total	**136,330,857**	**1,647,999**	**(375,000)**	**137,603,856**

For the year ended December 31, 2020

(a) Share Capital

			(Amount in USD)
	Balance at the beginning of the reporting year	**Changes in Equity during the year**	**Balance at the end of the reporting year**
Share Capital	3,000,000	-	3,000,000

(b) Other equity

				(Amount in USD)
	Balance at the beginning of the reporting year	**Changes in Equity during the year**		**Balance at the end of the reporting year**
		Total Comprehensive Income for the year	**Dividend**	
Additional Paid in Capital	22,100,000	-	-	22,100,000
Retained Earnings	108,628,705	5,602,152	-	114,230,857
Total	**130,728,705**	**5,602,152**	-	**136,330,857**

Corporate Information and Significant Accounting Policies

Notes to the Financial Statements **1 to 30**

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date : May 05, 2022

Thakur Sharma
Director

Place: Houston
Date : April 27, 2022

Walter Van De Vijver
Director

Place: Houston
Date : April 27, 2022

RIL USA INC

Cash Flow Statement for the year ended December 31, 2021

(Amount in USD)

			2021		2020
A:	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before Tax as per Statement of Profit and Loss	2,252,099		5,428,289	
	Adjusted for:				
	Depreciation & Amortisation Expense	8,833,609		8,035,985	
	Interest Income	(49,583)		-	
	Finance Costs	689,878		344,596	
	Operating Profit before Working Capital Changes		**11,726,003**		**13,808,870**
	Adjusted for:				
	Trade and Other Receivables	44,266,622		(77,571,621)	
	Inventories	(112,952,743)		96,213,218	
	Trade and Other Payables	1,063,532		(51,106,393)	
			(67,622,589)		(32,464,796)
	Cash (used in) Operations		**(55,896,586)**		**(18,655,926)**
	Taxes Paid (Net)		(38,474)		(950,960)
	Net Cash (used in) Operating Activities		**(55,935,060)**		**(19,606,886)**
B:	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment		(277,141)		(4,765)
	Loans given		(7,000,000)		-
	Deposit given		(19,500,000)		-
	Net Cash (used in) Investing Activities		**(26,777,141)**		**(4,765)**
C:	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Repayment of Lease Liability		(8,822,349)		(8,023,108)
	Borrowings taken (net)		79,000,000		-
	Dividend Paid		(375,000)		-
	Interest Paid		(675,753)		(344,596)
	Net Cash generated from / (used in) Financing Activities		**69,126,898**		**(8,367,704)**
	Net (decrease) in Cash and Cash Equivalents		**(13,585,303)**		**(27,979,355)**
	Opening Balance of Cash and Cash Equivalents		**15,630,927**		**43,610,282**
	Closing Balance of Cash and Cash Equivalents (Refer Note 7)		**2,045,624**		**15,630,927**

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date : May 05, 2022

For and on behalf of the Board

Thakur Sharma
Director

Place: Houston
Date : April 27, 2022

Walter Van De Vijver
Director

Place: Houston
Date : April 27, 2022

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

A. CORPORATE INFORMATION

RIL USA, Inc., (the Company) a Delaware Corporation, was formed on March 16, 2005, is a wholly owned subsidiary of erstwhile, Reliance Holding USA, Inc. On February 14, 2020, the entire shareholding of the Company was transferred from its erstwhile holding company "Reliance Holding USA" (RHUSA) to a fellow subsidiary "Reliance Marcellus LLC" as a part of internal restructuring. Reliance Industries Limited, India (RIL) continues to remain the ultimate holding company.

The Company is engaged in the commercialization of gasoline and blended gasoline products in the United States and Caribbean markets and domestic spot trading with third-party companies. The Company takes ownership of the products upon purchase, is responsible for providing goods to the customers, establishes pricing, and bears the customer's credit risk. The Company leases storage tanks at New York Harbor for inventory storage and blending.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

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

These special purpose financial statements ("financial statement") have been prepared for the limited purpose of consolidation into Reliance Industries Limited, the ultimate holding company, in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013, read together with Companies (Indian Accounting Standards) Rules, 2015.

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 is categorised within the fair value hierarchy into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

B.2 PROPERTY, PLANT AND EQUIPMENT:

Furniture and fixtures, computers and equipment are initially recognized at cost where it is probable that they will generate future economic benefits. They are subsequently carried at cost less accumulated

RIL USA INC
Notes to the Financial Statements for the year ended December 31, 2021

depreciation. Depreciation on property, plant and equipment is provided when assets are ready for their intended use, on straight line method (SLM) based on management estimated useful lives which are as under:

Particular	Useful Life
Furniture and fixtures	7 years
Computers and equipment	5 years

B.3 IMPAIRMENT

Impairment of non-financial assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

B.4 INVENTORIES

Inventories are stated at the lower of cost and net realizable value, cost being determined on a weighted-average basis, except for inventories that are subject to fair value hedges, which are adjusted each period for changes in the fair value attributable to the risk that has been hedged.

B.5 PROVISION, 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

B.6 FOREIGN CURRENCIES

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

RIL USA INC
Notes to the Financial Statements for the year ended December 31, 2021

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising out of these transactions are recognised in the Statement of profit and loss.

B.7 LEASES

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term (defined as leases with a lease term of 12 months or less) and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

B.8 EMPLOYEE BENEFITS

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services. These benefits include performance incentive.

Defined contribution plans:

The Company's contribution under the 401K plan is considered as defined contribution and is charged as an expense as and when services are rendered by the employees.

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

B.9 BORROWING COSTS

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the 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.

B.10 INCOME TAXES

Tax expense for the year comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the OCI or in equity. In this case, the tax is also recognised in OCI or in equity.

Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the Balance sheet date.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

B.11 REVENUE RECOGNITION

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.

a) 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.

b) Revenue from services

The Company uses input method for measurement of income from services as it is directly linked to expenses incurred by the Company.

RIL USA INC
Notes to the Financial Statements for the year ended December 31, 2021

B.12. FINANCIAL INSTRUMENTS

I. Non-derivative financial instruments

i) Financial Assets

a. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. 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 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 measured at FVTOCI if it is held within a business model whose objective is achieved both by 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. Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

a) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

RIL USA INC
Notes to the Financial Statements for the year ended December 31, 2021

For other assets, the Company uses 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii) Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognized 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 profit or loss as finance cost.

b. Subsequent measurement:

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

II. Derivative financial instruments and hedge accounting

The Company is exposed to market risk primarily due to fluctuations in commodity prices between the purchase/sales and the delivery date of inventory. In order to minimize this risk, the Company enters into certain derivative instruments, primarily exchange-traded futures contracts, which allows management to significantly mitigate pricing risk

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward commodity contracts ('hedging instruments'), to hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Hedging instruments is recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge in line with Company's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for hedges under Ind AS 109, Financial Instruments.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

The change in the fair value of a hedging instrument and hedged item is recognised in the Statement of Profit and Loss.

If the hedged item is derecognised, the unamortised fair value of hedging instrument adjusted to the hedged item is recognised immediately in the Statement of Profit and Loss.

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

III. Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the Statement of Profit and Loss.

IV. 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.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company’s accounting policies which are described in note B, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability 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.

i) **Depreciation and useful lives of property plant and equipment**:

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company’s historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

ii) **Provisions**:

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

iii) **Leases**:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Critical judgements in determining the lease term:

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that creates an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Critical judgements in determining the discount rate:

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

1. PROPERTY, PLANT AND EQUIPMENT

(Amount in USD)

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION				Net block
	As at	Additions for the year	Deductions for the year	As at	As at	Depreciation for the year	Deductions for the year	As at	As at
	1-Jan-21			31-Dec-21	1-Jan-21			31-Dec-21	31-Dec-21
Computer & Equipment (*)	45,978	21,180	-	**67,158**	22,971	7,620	-	**30,591**	**36,567**
Furniture and Fixtures	37,743	-	-	**37,743**	37,728	-	-	**37,728**	**15**
Total	**83,721**	**21,180**	**-**	**104,901**	**60,699**	**7,620**	**-**	**68,319**	**36,582**

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION				Net block
	As at	Additions for the year	Deductions for the year	As at	As at	Depreciation for the year	Deductions for the year	As at	As at
	1-Jan-20			31-Dec-20	1-Jan-20			31-Dec-20	31-Dec-20
Computer & Equipment (*)	62,435	4,765	21,222	**45,978**	36,408	7,783	21,220	**22,971**	**23,007**
Furniture and Fixtures	37,743	-	-	**37,743**	36,632	1,096	-	**37,728**	**15**
Total	**100,178**	**4,765**	**21,222**	**83,721**	**73,040**	**8,879**	**21,220**	**60,699**	**23,022**

(*) Includes Office Equipments

1A. RIGHT OF USE ASSETS

(Amount in USD)

Description	GROSS BLOCK				ACCUMULATED AMORTISATION				Net block
	As at	Additions for the year	Deductions for the year #	As at	As at	for the year	Deductions for the year	As at	As at
	1-Jan-21			31-Dec-21	1-Jan-21			31-Dec-21	31-Dec-21
Storage Tanks	27,722,513	-	-	**27,722,513**	11,575,795	8,723,835	-	**20,299,630**	**7,422,883**
Office Premises	433,669	-	(88,935)	**344,734**	192,742	102,154	-	**294,896**	**49,838**
Total	**28,156,182**	**-**	**(88,935)**	**28,067,247**	**11,768,537**	**8,825,989**	**-**	**20,594,526**	**7,472,721**

Description	GROSS BLOCK				ACCUMULATED AMORTISATION				Net block
	As at	Additions for the year @	Deductions for the year	As at	As at	for the year	Deductions for the year	As at	As at
	1-Jan-20			31-Dec-20	1-Jan-20			31-Dec-20	31-Dec-20
Storage Tanks	12,164,279	17,571,796	2,013,562	**27,722,513**	5,658,621	7,930,736	2,013,562	**11,575,795**	**16,146,718**
Office Premises	433,669	-	-	**433,669**	96,371	96,371	-	**192,742**	**240,927**
Total	**12,597,948**	**17,571,796**	**2,013,562**	**28,156,182**	**5,754,992**	**8,027,107**	**2,013,562**	**11,768,537**	**16,387,645**

Includes impact of remeasurement of USD 88,935 (Previous year USD NIL)

@ Includes impact of remeasurement of USD NIL (Previous year USD 10,618,867)

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

2. OTHER FINANCIAL ASSETS:	Non-Current	
	As at December 31, 2021	As at December 31, 2020
Security deposit #	2,109,466	2,108,971
Total	**2,109,466**	**2,108,971**

Represents deposit given to the state of New Jersey, along with interest accrued thereon.

(Amount in USD)

3. DEFERRED TAX ASSETS (NET)

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate prevalent in the jurisdictions the Company operates in. The movement on the deferred tax account is as follows:

(Amount in USD)

	As at December 31, 2021	As at December 31, 2020
At the start of the year	825,606	354,312
(Expense) /Benefit to Statement of Profit and Loss (Note 21)	(825,606)	471,294
At the end of year	**-**	**825,606**

(Amount in USD)

4. OTHER NON-CURRENT ASSETS	As at December 31, 2021	As at December 31, 2020
Capital Advances	255,961	-
Total	**255,961**	**-**

(Amount in USD)

5. INVENTORIES	As at December 31, 2021	As at December 31, 2020
Stock-in-Trade @	81,154,833	41,429,946
Material in transit	129,701,584	56,473,728
Total	**210,856,417**	**97,903,674**

@ Includes fair value hedge adjustment of unrealised loss/(gain) of USD 4,678,762 [As at December 31, 2020 USD 4,002,188]
The cost of inventories recognized as expense during the year is disclosed in note 17

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

6. TRADE RECEIVABLES (Unsecured and considered good)	As at December 31, 2021	As at December 31, 2020
- Trade receivables - others	28,054,400	51,458,591
- Trade receivable - related parties (refer note 23)	583,067	233,438
Total	**28,637,467**	**51,692,029**
- Number of Customers representing over 10% of sale of petroleum products.	3	2
- Outstanding from the above Customers	8,421,448	18,958,109
- Number of Customers representing more than 10% of trade receivables	3	3
- Outstanding from the above Customers	25,316,274	48,581,658

Trade receivables are recorded at the invoiced amount and do not carry interest. Estimated allowances for doubtful debts are measured based on an expected credit loss model modified through a policy for provisioning. There was no allowance for doubtful debts for the years 2021 and 2020.

The average collection period for the Company is less than or equal to 14 days (Previous Year: 13 days).

Trade Receivable Aging Schedule

AS ON DECEMBER 31, 2021 — **Amount in USD**

Particulars		Outstanding for following periods from due date of payment					Total
	Not Due	< 6 M	6 M to 1 yr	1-2 yrs	2-3 yrs	> 3 yrs	
Undisputed trade receivables – considered good	28,637,467	-	-	-	-	-	28,637,467

AS ON DECEMBER 31, 2020 — **Amount in USD**

Particulars		Outstanding for following periods from due date of payment					Total
	Not Due	< 6 M	6 M to 1 yr	1-2 yrs	2-3 yrs	> 3 yrs	
Undisputed trade receivables – considered good	51,692,029	-	-	-	-	-	51,692,029

(Amount in USD)

7. CASH AND CASH EQUIVALENTS	As at December 31, 2021	As at December 31, 2020
Bank Balances	2,045,624	15,630,927
Total	**2,045,624**	**15,630,927**

Bank Balances as at previous year includes deposits maintained by the Company with bank, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

(Amount in USD)

8. LOANS (Secured and Considered Good)	As at December 31, 2021	As at December 31, 2020
Loan given to others (including interest accrued)	7,049,583	-
Total	**7,049,583**	**-**

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

9. OTHER FINANCIAL ASSETS	As at December 31, 2021	As at December 31, 2020
Margin money deposit	11,237,174	3,036,107
Deposit - Others	19,500,000	-
Deposit - Premises	162,105	-
Total	**30,899,279**	**3,036,107**

(Amount in USD)

10. OTHER CURRENT ASSETS	As at December 31, 2021	As at December 31, 2020
Advance to Suppliers (Refer note 23)	13,990	30,046,599
Prepaid Expenses	738,813	325,178
Advance to employees	45,347	2,100
Total	**798,150**	**30,373,877**

(Amount in USD)

11. SHARE CAPITAL	As at December 31, 2021	As at December 31, 2020
Authorised Share Capital:		
1,000 Shares of USD 10,000 each	10,000,000	10,000,000
	10,000,000	**10,000,000**
Issued, Subscribed and Paid up:		
300 Shares of USD 10,000 each fully paid up	3,000,000	3,000,000
Total	**3,000,000**	**3,000,000**

11.1 **The details of shareholders holding more than 5% shares:**

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Reliance Marcellus, LLC. (Refer Note A.)	300	100	300	100

(Amount in USD)

12. OTHER EQUITY	As at December 31, 2021	As at December 31, 2020
(a) Additional Paid-in-Capital		
As per last Balance Sheet	22,100,000	22,100,000
(b) Retained Earnings		
As per last Balance Sheet	114,230,857	108,628,704
Add: Total Comprehensive Income for the year	1,647,999	5,602,153
Less: Dividend (Refer Note 23)	(375,000)	-
	115,503,856	**114,230,857**
TOTAL	**137,603,856**	**136,330,857**

Additional paid-in-capital represents the amount received from a shareholder over and above the par-value of a share.

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

13. BORROWINGS (UNSECURED)	As at December 31, 2021	As at December 31, 2020
From Banks (lines of credit) (*)	79,000,000	-
TOTAL	**79,000,000**	**-**

(*) Guaranteed by Reliance Industries Limited, the ultimate holding company.

(Amount in USD)

14. TRADE PAYABLES	As at December 31, 2021	As at December 31, 2020
Trade payables		
- Trade payables - others	19,299,590	60,315,425
- Trade Payables - related parties (refer note 23)	44,813,148	2,720,125
Total	**64,112,738**	**63,035,550**

TRADE PAYABLE AGING SCHEDULE

AS AT DECEMBER 31, 2021 — **Amount in USD**

Particulars			Outstanding for following periods from due date of payment					Total
	Unbilled	Not Due	< 6 M	6 M to 1 yr	1-2 yrs	2-3 yrs	> 3 yrs	
Trade Payables - Others	-	64,101,041	-	-	-	11,697	-	64,112,738

AS AT DECEMBER 31, 2020 — **Amount in USD**

Particulars			Outstanding for following periods from due date of payment					Total
	Unbilled	Not Due	< 6 M	6 M to 1 yr	1-2 yrs	2-3 yrs	> 3 yrs	
Trade Payables - Others	-	63,035,550	-	-	-	-	-	63,035,550

(Amount in USD)

15. OTHER FINANCIAL LIABILITIES	As at December 31, 2021	As at December 31, 2020
Interest accrued but not due	14,126	-
Total	**14,126**	**-**

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

16A. REVENUE FROM OPERATIONS	**2021**	**2020**
Sale of Products		
- Petroleum Products	1,032,475,293	790,361,615
- Others (Benzene and Sulphur Credits)	1,213,938	5,347,720
Income from Services (refer note 23)	1,645,320	719,211
Total	**1,035,334,551**	**796,428,546**
Revenue from Operations disaggregated based on Geography		
- United States of America (USA)	1,015,669,531	699,674,689
- Other than USA	19,665,020	96,753,857
Total	**1,035,334,551**	**796,428,546**

(Amount in USD)

16B. OTHER INCOME	**2021**	**2020**
Interest Income	69,119	185,958
Cash discount received (Refer Note 23)	-	33,333
Total	**69,119**	**219,291**

(Amount in USD)

17. COST OF GOODS SOLD	**2021**	**2020**
Opening stock (Stock-in-Trade)	97,903,674	194,116,893
Add: Purchases of trading goods (refer note 23)	1,058,350,566	674,773,234
Less: Closing stock (Stock-in-Trade) (refer note 5)	(210,856,416)	(97,903,674)
Hedging Loss/(Gain)	39,339,703	(25,134,564)
Total	**984,737,527**	**745,851,889**

(Amount in USD)

18. EMPLOYEE BENEFITS EXPENSE	**2021**	**2020**
Salaries and Wages	3,839,440	3,229,823
Contribution to Defined Contribution Plans	250,632	201,044
Staff Welfare Expenses (refer note 23)	37,447	18,544
Total	**4,127,519**	**3,449,411**

(Amount in USD)

19. FINANCE COSTS	**2021**	**2020**
Interest Expenses on:		
- Borrowings	18,236	30
- Others	1,064	3,178
Interest expenses on lease liability	179,738	212,570
Guarantee Commission (refer note 23)	490,840	128,818
Total	**689,878**	**344,596**

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

20. OTHER EXPENSES	2021	2020
Renewable Identification Numbers Expenses	29,163,729	21,538,922
Freight	286,750	210,616
Demurrage (net of recovery - USD 11,451,395, Previous Year 1,560,748) @	(8,880,856)	1,435,146
Inspection Fees	2,265,153	2,675,707
Lease Rent – Storage (refer note 26) *	659,241	441,716
Lease Rent – others (refer note 23 and 26) #	547,100	82,554
Port Charges (net)	2,148,726	686,800
Terminal Costs	1,236,088	1,704,725
Insurance (refer note 23)	418,851	318,019
Brokerage	923,868	760,213
Professional Fees (refer note 23)	2,413,657	920,343
Business Promotion Expenses	897,470	15,179
Customs Duty	786,740	678,603
Rates and Taxes (Net)	739,638	811,388
Auditors Remuneration – Audit Fees	84,346	77,355
Donation	147,397	157,148
Miscellaneous Expenses (refer note 23)	925,140	1,023,233
Total	**34,763,038**	**33,537,667**

Expense for the year 2021 relates to short-term lease payment of USD 711,400 (Previous year USD 734,353) and variable lease payment of (USD 54,428) (Previous year (USD 292,636)).

Expense for the year 2021 relates to short-term lease payment of USD 444,621 (Previous year NIL) and variable lease payment USD 100,449 (Previous year USD 82,554).

@ The Company has an arrangement with Reliance Industries (Middle East) DMCC and a third-party customer with the purpose of securing the collection of its receivables. Accordingly, the Company has, during the year, collected/adjusted its receivables from Reliance Industries (Middle East) DMCC on behalf of a third-party customer, amounting to USD 9,141,623.

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

(Amount in USD)

21. TAXATION	2021	2020
a) Income tax recognised in the Statement of Profit and Loss	604,100	(173,863)
Current tax		
In respect of the current year		
Federal	-	-
State	45,763	297,431
Total	**45,763**	**297,431**
(Excess) Tax Provision of Earlier Years		
In respect of the current year		
Federal	-	-
State	(267,269)	-
Total	**(267,269)**	**-**
Deferred tax		
In respect of the current year		
Federal	-	-
State	825,606	(471,294)
Total	**825,606**	**(471,294)**
Total income tax expenses recognised in the Statement of Profit and Los	**604,100**	**(173,863)**

b) The income tax expenses for the year can be reconciled to the accounting profit as follows:

(Amount in USD)

	2021	2020
Profit before tax	2,252,099	5,428,289
Income tax expenses at 21%	472,941	1,139,941
Expenses for state taxes	45,763	297,431
Effect of Income not chargeable to tax	(472,941)	(655,841)
Deferred tax charge for the year	825,606	(471,294)
Tax effect of (taxable)/deductible temporary differences	-	(486,756)
Tax effect of non-taxable benefit	-	2,657
(Excess) Tax Provision of Earlier Years	(267,269)	-
Income tax expenses recognised in Statement of Profit and Loss	**604,100**	**(173,863)**

c) The Company on standalone basis is not a tax paying entity for federal income tax purposes, and accordingly, it does not recognise any expense for Federal Income Tax. The Income tax liability resulting from the Company's activities is the responsibility of Reliance Marcellus, LLC., (Holding Company).

d) Due to amendment in the New Jersey State tax laws regarding filing of consolidated tax returns at group level, the Company is not liable for paying New Jersey State Income Tax and accordingly has not recognise any expense for New Jersey Income Tax. Hence, related Deferred Tax Assets (DTA) have been reversed as it is probable that no taxable income will be available in near future against which DTA can be utilised.

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

22. EARNINGS PER SHARE (EPS)

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

	2021	2020
i) Net Profit after Tax as per Statement of Profit and Loss attributable to Shareholders (in USD)	1,647,999	5,602,152
ii) Weighted Average number of Shares outstanding during the year	300	300
iii) Basic and Diluted Earnings per Share (in USD)	5,493	18,674
iv) Face Value per Share (in USD)	10,000	10,000

23	RELATED PARTIES DISCLOSURES	
	As per Ind AS 24, the disclosures of relationships and transactions with the related parties are given below:	
Sr. No.	**Name of the Related Party**	**Relationship**
1	Reliance Industries Limited	Ultimate Holding Company (control exists)
2	Reliance Holding USA, Inc.	Holding Company (control exists till February 14, 2020)
3	Reliance Marcellus, LLC	Holding Company (control exists from February 14, 2020)
4	Reliance Projects and Property Management Services Limited	Fellow Subsidiary
5	Reliance Industries (Middle East) DMCC	Fellow Subsidiary
6	Reliance Global Energy Services (Singapore) Pte. Ltd.	Fellow Subsidiary
7	Mark Senn	Key managerial personnel
8	Pravin Jain	

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

List of transactions during the year with related parties:

(Amount in USD)

Particulars	Related Parties	2021	2020
1 Income from services	Reliance Industries Limited	1,645,320	719,211
2 Purchases	Reliance Industries Limited	719,135,300	137,699,569
	Reliance Industries (Middle East) DMCC	53,764,725	-
3 Advance against Imports	Reliance Industries Limited	-	60,000,000
4 Discount received on early payment	Reliance Industries Limited	-	33,333
5 Remuneration – short term benefits	Key Managerial Personnel	837,330	1,222,455
6 Employee Benefit Expenses –			
a) Staff Welfare Expenses	Reliance Holding USA Inc.	-	4,738
b) Staff Welfare Expenses	Reliance Marcellus, LLC	7,020	1,013
7 Other Expenses			
a) Lease Rent - Others	Reliance Holding USA Inc.	-	101,454
b) Insurance	Reliance Holding USA Inc.	-	3,472
c) Miscellaneous Expenses	Reliance Holding USA Inc.	-	48,685
d) Lease Rent - Others	Reliance Marcellus, LLC	197,163	77,575
e) Insurance	Reliance Marcellus, LLC	2,638	897
f) Miscellaneous Expenses	Reliance Marcellus, LLC	50,788	15,784
g) Bandwidth expenses	Reliance Global Energy Services (Singapore) Pte. Ltd.	70,000	70,000
h) Chartering Services	Reliance Industries Limited	37,506	-
h) Professional fees	Reliance Projects and Property Management Services Limited	55,683	32,879
8 Recovery of Expenses			
a) Bandwidth Charges	Reliance Holding USA Inc.	-	21,583
b) Bandwidth Charges	Reliance Marcellus LLC	35,000	14,583
c) Demurrage	Reliance Industries Limited	201,808	-
9 Reimbursement of Expenses			
a) Employee advance	Reliance Marcellus, LLC	-	4,800
b) Office Deposit	Reliance Marcellus, LLC	-	2,165
10 Finance Costs			
a) Guarantee Commission	Reliance Industries Limited	490,840	128,818
11 Dividend			
a) Dividend Paid	Reliance Marcellus, LLC	375,000	-

The Company has an arrangement with Reliance Industries (Middle East) DMCC and a third-party customer with the purpose of securing the collection of its receivables. Accordingly, the Company has, during the year, collected/adjusted its receivables from Reliance Industries (Middle East) DMCC on behalf of a third-party customer, amounting to USD 9,141,623.

Balances as at the end of the year	Related Parties	As at December 31, 2021	As at December 31, 2020
1 Trade Receivables	Reliance Industries Limited	583,067	233,438
2 Trade Payables	Reliance Industries Limited	11,196	2,677,125
	Reliance Industries (Middle East) DMCC	44,623,102	-
	Reliance Marcellus LLC	16,000	16,000
	Reliance Projects and Property Management Services Limited	36,000	27,000
	Key Managerial Personnel	126,850	-
3 Advance against purchases	Reliance Industries Limited	-	30,000,000
4 Financial Guarantees given by @	Reliance Industries Limited	87,500,000	87,500,000

@ Financial guarantee relates to credit facility as availed by the Company

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

24	**SEGMENT INFORMATION**
	The Company is in the business of blending and trading of refined petroleum products in the Americas region. Consequently, there is a single reportable segment.

25	**FINANCIAL AND DERIVATIVE INSTRUMENTS**
	Derivative contracts entered into by the Company and outstanding
	For Hedging Price Related Risks for petroleum products:

	As at December 31, 2021	**As at December 31, 2020**
Particulars	**In lots (#)**	**In lots (#)**
Futures	1261	856

All hedging instruments have a maturity profile of upto 180 days.

1 lot equals to 1,000 barrels.

26. Leases

(Amount in USD)

26.1 LEASES LIABILITIES - MATURITY ANALYSIS (UNDISCOUNTED BASIS)	**As at December 31, 2021**	**As at December 31, 2020**
Lease payment due:		
Not Later than 1 year	7,183,314	8,993,966
Later than 1 year and not later than 5 years	446,474	7,731,110
Later than 5 years	-	-
Total	**7,629,788**	**16,725,076**

26.2 Storage rental leases & office premises in which the Company is the lessee contain variable lease payment terms that are based on actual usage capacity. The breakdown of lease payments is as follows.

(Amount in USD)

Particulars	**2021**	**2020**
Fixed payments	9,002,087	8,235,678
Variable payments	46,021	(210,082)
Total payments	**9,048,108**	**8,025,596**

26.3 The Company has lease arrangements of storage facilities and office premises. The average lease term is 2-5 years.

26.4 The total cash outflow for leases amount to USD 10,204,129 (Previous year USD 8,759,949) [include short-term lease payment of USD 1,156,021 (Previous year USD 734,353) & variable lease of USD 46,021 (previous year (USD 210,082)].

26.5 The discount rate used by the Company ranging from 1.35% - 3.50% (incremental borrowing rate) which is applied to various lease liabilities recognised in the balance sheet.

(Amount in USD)

RIL USA INC

Notes to the Financial Statements for the year ended December 31, 2021

27. COMMITMENT	As at December 31, 2021	As at December 31, 2020
Capital Commitment	212,197	-
Total	**212,197**	**-**

28. Financial Risk Management Objectives & Policies:

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, loans, trade receivables and other receivables.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks.

a) **Market Risk**:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and commodity price risk. Financial instruments affected by market risk include borrowings, trade & other payables, trade & other receivables and loans.

i) **Interest rate risk**:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing borrowings, though related interest expense is not material. Consequently, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

ii) **Commodity Price risk**:

The Company is exposed to the risk of commodity market price fluctuations. The Company's policy is to manage these risks through the use of contract-based pricing with customers and derivative contracts.

b) **Credit Risk**— Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. Management periodically assesses the financial condition of these institutions and believes that any possible credit risk is minimal.

c) **Liquidity Risk**—Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required. All non-derivative financial liabilities as disclosed in note 11 of the financials are due within 1 year as of the reporting date to the contractual maturity date. All Bank borrowings outstanding at the end of the year is guaranteed by the Ultimate Parent of the Company.

d) **Capital Management Risk**—The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder's value. The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the periods ended December 31, 2021 and 2020. Capital comprises equity contributed and additional paid in capital.

The capital structure of the Company consists of net debt and total capital of the Company. The Company is not subject to any externally imposed capital requirements.

RIL USA INC
Notes to the Financial Statements for the year ended December 31, 2021

The gearing ratio at end of the reporting period was as follows.

	As At December 31 2021	As At December 31 2020
		(Amount in USD)
Debt (Refer note 13)	79,000,000	-
Cash and Cash Equivalent (Refer note 7)	2,045,624	15,630,927
NET DEBT	76,954,376	(15,630,927)
Total equity (Refer note 11 and 12)	140,603,856	139,330,857
Net debt to equity ratio	55%	0%

The outbreak of Coronavirus (COVID-19) pandemic Globally has caused significant disturbance and slowdown of economic activity; it has also led to significant volatility in oil price. However, subsequent to third and fourth quarter of 2020, the business activities have shown sign of recovery and are recovering gradually nearing to pre-Covid levels.

The Company has reviewed the consequences of COVID-19 and other events and conditions and has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. The COVID-19 may impact the future performance or measurement of some of the assets and liabilities or the liquidity positions of the Company, which require appropriate disclosure in the financial statement. However, the Company has determined that there are no significant changes as of December 31, 2021, which will have impact on the assets and liabilities and future performance of the Company.

29. Category-wise classification of financial instruments & fair value measurements:

The Company measures all the financials instruments at amortised cost.

The carrying amount of financial assets and liabilities recognised in the financial statements is assumed to approximate their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the value that would eventually be received or settled.

30. The financial statements are approved for issue by the Board of Directors at their meeting conducted on April 27, 2022.

As per our report of even date	For and on behalf of the Board	
For Deloitte Haskins & Sells LLP Chartered Accountants		
Abhijit A. Damle Partner Membership No. 102912	**Thakur Sharma** **Director**	**Walter Van De Vijver** **Director**
Place: Mumbai Date : May 05, 2022	**Place: Houston** Date : April 27, 2022	**Place: Houston** Date : April 27, 2022