RIL USA, INC.
Financial Statements
2018-19

Independent Auditor's Report

To the Board of Directors of
RIL USA, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RIL USA Inc. ("the Company"), which comprise the Balance Sheet as at December 31, 2018, 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 summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the 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, 2018, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 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 opinion on the financial statements.

Information other than the Financial Statement and Auditor's Report Thereon

As informed to us, there is no information other than the 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 Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and 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 financial statements that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 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 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.

- 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 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.

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

b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 the financial statements.

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

Abhijit A. Damle
(Partner)
Membership No: 102912

Mumbai: April 15. 2019

BALANCE SHEET
AS AT DECEMBER 31, 2018

(Amount in USD)

	Notes	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**1**	24,944	30,803
Financial Assets			
Other financial assets	**2**	2,058,475	2,003,780
Deferred Tax Assets (net)	**3**	130,405	101,898
Total Non-Current Assets		**2,213,824**	**2,136,481**
Current Assets			
Inventories	**4**	184,691,341	174,103,088
Financial Assets			
Trade Receivables	**5**	183,677,392	108,502,570
Cash and Cash Equivalents	**6**	729,095	127,606
Other Financial Assets	**7**	4,410,105	4,768,597
Current Tax Assets (net)		253,646	313,504
Other Current Assets	**8**	466,094	314,969
Total Current Assets		**374,227,673**	**288,130,334**
Total Assets		**376,441,497**	**290,266,815**
EQUITY AND LIABILITIES			
Equity			
Share Capital	**9**	3,000,000	3,000,000
Other Equity	**10**	121,125,520	76,382,046
Total Equity		**124,125,520**	**79,382,046**
Current Liabilities			
Financial Liabilities			
Borrowings	**11**	36,000,000	53,960,000
Trade Payables	**12**	216,267,777	156,849,960
Other Financial Liabilities	**13**	925	14,105
Other Current Liabilities	**14**	-	789
Current Tax Liabilities (net)	**15**	47,275	59,915
Total Current Liabilities		**252,315,977**	**210,884,769**
Total Equity and Liabilities		**376,441,497**	**290,266,815**
Corporate Information and Significant Accounting Policies			
Notes to the Financial Statements	**1 to 29**		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: April 15, 2019

For and on behalf of the Board

Director | **Director**

Place: Houston
Date: April 11, 2019

Place: Houston
Date: April 11, 2019

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

	Notes	2018	2017
INCOME			
Revenue from Operations	**16A**		
Sale of Products		3,922,914,171	1,965,992,947
Income from Services		1,190,362	903,050
Other Income	**16B**	127,466	38,133
Total Income		**3,924,231,999**	**1,966,934,130**
EXPENDITURE			
Cost of Goods Sold	**17**	3,789,261,928	1,869,686,524
Employee Benefits Expense	**18**	3,392,752	3,548,517
Finance Costs	**19**	2,980,425	1,391,554
Depreciation Expense	**1**	12,540	14,109
Other Expenses	**20**	83,145,731	70,463,917
Total Expenses		**3,878,793,376**	**1,945,104,621**
Profit Before Tax		**45,438,623**	**21,829,509**
Tax Expenses:	**21**		
Current Tax		723,656	820,970
Deferred Tax (Benefit) / Charge		(28,507)	68,391
		695,149	**889,361**
Profit for the Year		**44,743,474**	**20,940,148**
Other Comprehensive Income (OCI)		-	-
Total Comprehensive Income for the year		**44,743,474**	**20,940,148**
Earnings per share of face value of USD 10,000 each	**22**		
Basic (in USD)		**149,145**	**69,800**
Diluted (in USD)		**149,145**	**69,800**
Corporate Information and Significant Accounting Policies			
Notes to the Financial Statements	**1 to 29**		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: April 15, 2019

For and on behalf of the Board

Director	**Director**
Place: Houston	Place: Houston
Date: April 11, 2019	Date: April 11, 2019

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

(a) Share Capital (Refer Note 9)

(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**
Additional Paid in Capital	22,100,000	-	22,100,000
Retained Earnings	54,282,046	44,743,474#	99,025,520
Total	**76,382,046**	**44,743,474**	**121,125,520**

For the year ended December 31, 2017

(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**
Additional Paid in Capital	22,100,000	-	22,100,000
Retained Earnings	33,341,898	20,940,148#	54,282,046
Total	**55,441,898**	**20,940,148**	**76,382,046**

Represents Total comprehensive income for the year

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

	2018		2017	
A: CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax as per Statement of Profit and Loss	45,438,623		21,829,509	
Adjusted for:				
Depreciation Expense	12,540		14,109	
Finance Costs	2,980,425		1,391,554	
Operating Profit before Working Capital Changes		**48,431,588**		**23,235,172**
Adjusted for:				
Trade and Other Receivables	(75,022,151)		(75,854,551)	
Inventories	(10,588,253)		5,482,142	
Trade and Other Payables	59,417,028		55,364,025	
		(26,193,376)		(15,008,384)
Cash generated from Operations		**22,238,212**		**8,226,788**
Taxes Paid (Net)		(676,437)		(1,177,110)
Net Cash generated from Operating Activities		**21,561,775**		**7,049,678**
B: CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment		(6,681)		(2,132)
Net Cash (used in) Investing Activities		**(6,681)**		**(2,132)**
C: CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings (repaid)/taken (net)		(17,960,000)		(6,040,000)
Interest Paid		(2,993,605)		(1,391,963)
Net Cash (used in) Financing Activities		**(20,953,605)**		**(7,431,963)**
Net Increase / (decrease) in Cash and Cash Equivalents		**601,489**		**(384,417)**
Opening Balance of Cash and Cash Equivalents		**127,606**		**512,023**
Closing Balance of Cash and Cash Equivalents (Refer Note 6)		**729,095**		**127,606**

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: April 15, 2019

For and on behalf of the Board

Director

Place: Houston
Date: April 11, 2019

Director

Place: Houston
Date: April 11, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

A. CORPORATE INFORMATION

RIL USA, Inc., (the Company) a Delaware Corporation, was formed on March 16, 2005, is a wholly owned subsidiary of Reliance Holding USA, Inc. Reliance Industries Limited, India is the ultimate parent to the 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 customer, establishes pricing, and bears the customer's credit risk. The Company leases storage tanks in New York Harbor and St. Croix in U.S. Virgin Islands for inventory storage and blending.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 STATEMENT OF COMPLIANCE

These financial statements are the separate financial statements which have been prepared 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.

CHANGES IN ACCOUNTING POLICIES:

The Company has adopted Ind AS 115, Revenue from Contract with Customers with effect from 1st April 2018. Accordingly, the Company has changed its accounting policy on revenue recognition as detailed in note B.12.

The Company has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 1st January 2018 on the contracts that are not completed contract as at that date.

There is no impact of above on the opening balance sheet as at 1st January 2018.

B.2 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.

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.3 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

B.4 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.5 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.6 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.7 FOREIGN CURRENCIES

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

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. 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.8 LEASES

Operating Leases: Rentals are expensed on a straight-line basis with reference to the lease terms and other considerations

B.9 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 plan and is charged as an expense as and when services are rendered by the employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

B.10 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.11 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.

<u>Current tax:</u>

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.

<u>Deferred tax:</u>

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.12 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.

B.13 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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.

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.

D. NEW AND REVISED IND AS IN ISSUE BUT NOT EFFECTIVE YET

The Ministry of Corporate Affairs (MCA) has notified Ind AS 116 to be effective from accounting periods starting from 1st April, 2019. Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17 – Leases. The application of this standard could have material impact on the Balance Sheet of the Company though it is not expected to have significant impact on the profit/loss. The management is in the process of making detailed computations to quantify the said impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. PROPERTY, PLANT AND EQUIPMENT

(Amount in USD)

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION				Net block
	As at 1-Jan-18	Additions for the year	Deductions for the year	**As at 31-Dec-18**	As at 1-Jan-18	Depreciation for the year	Deductions for the year	**As at 31-Dec-18**	**As at** 31-Dec-18
Computer & Equipment (*)	38,423	6,681	-	**45,104**	21,781	6,011	-	**27,792**	**17,312**
Furniture and Fixtures	37,743	-	-	**37,743**	23,582	6,529	-	**30,111**	**7,632**
Total	**76,166**	**6,681**	**-**	**82,847**	**45,363**	**12,540**	**-**	**57,903**	**24,944**

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION				Net block
	As at 1-Jan-17	Additions for the year	Deductions for the year	**As at 31-Dec-17**	As at 1-Jan-17	Depreciation for the year	Deductions for the year	**As at 31-Dec-17**	**As at** 31-Dec-17
Computer & Equipment (*)	36,291	2,132	-	**38,423**	14,166	7,615	-	**21,781**	**16,642**
Furniture and Fixtures	37,743	-	-	**37,743**	17,088	6,494	-	**23,582**	**14,161**
Sub-Total	**74,034**	**2,132**	**-**	**76,166**	**31,254**	**14,109**	**-**	**45,363**	**30,803**

(Amount in USD)

	Non-Current	
	As at December 31, 2018	**As at December 31, 2017**
2. OTHER FINANCIAL ASSETS:		
Security deposit #	2,058,475	2,003,780
Total	**2,058,475**	**2,003,780**

mainly represents deposit given to the state of New Jersey

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, 2018	**As at December 31, 2017**
At the start of the year	101,898	170,289
Benefit (Charge) to Statement of Profit and Loss (Note 21)	28,507	(68,391)
At the end of year	**130,405**	**101,898**

Deferred tax assets at the end of the reporting period and deferred tax credit/(charge) in profit or loss is as follows:

(Amount in USD)

	At the start of the year January 01, 2018	**Credit / (Charge) to statement of profit and loss**	**At the end of the year December 31, 2018**
Deferred tax asset in relation to:			
Temporary Disallowances	101,898	28,507	130,405
	101,898	**28,507**	**130,405**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

	At the start of the year January 01, 2017	Credit / (Charge) to statement of profit and loss	At the end of the year December 31, 2017
Deferred tax asset in relation to:			
Temporary Disallowances	170,289	(68,391)	101,898
	170,289	**(68,391)**	**101,898**

	As at December 31, 2018	As at December 31, 2017
4. INVENTORIES		
Stock-in-Trade @	52,472,625	111,021,981
Material in transit	132,218,716	63,081,107
Total	**184,691,341**	**174,103,088**

@ includes fair value hedge adjustment of unrealised loss/(gain) of USD 152,468 (As at December 31, 2017 USD 3,096,598).

The cost of inventories recognized as expense during the year is disclosed in note 17.

(Amount in USD)

5. TRADE RECEIVABLES	As at December 31, 2018	As at December 31, 2017
- Unsecured and considered good	183,677,392	108,502,570
Total	**183,677,392**	**108,502,570**
- Number of Customers representing over 10% of sale of petroleum products.	1	1
- Outstanding from the above Customers	180,170,899	94,909,922
- Number of Customers representing more than 10% of trade receivables	1	1
- Outstanding from the above Customers	180,170,899	94,909,922

Trade receivables are recorded at the invoiced amount and do not carry inteest. 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 2018 and 2017.

The average collection period for the Company is less thann 15 days (Previous Year: 13 days).

(Amount in USD)

6. CASH AND CASH EQUIVALENTS	As at December 31, 2018	As at December 31, 2017
Bank Balances	729,095	127,606
Total	**729,095**	**127,606**

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

(Amount in USD)

7. OTHER FINANCIAL ASSETS	As at December 31, 2018	As at December 31, 2017
Margin money deposit	4,410,105	4,743,597
Other Receivables	-	25,000
Total	**4,410,105**	**4,768,597**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

8. OTHER CURRENT ASSETS (Unsecured and Considered Good)	As at December 31, 2018	As at December 31, 2017
Prepaid Expenses	450,494	309,969
Advance to vendors	-	5,000
Advance to employees	15,600	-
Total	**466,094**	**314,969**

(Amount in USD)

9. SHARE CAPITAL	As at December 31, 2018	As at December 31, 2017
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**

9.1 The details of the shareholders holding more than 5% shares

Name of the Shareholder	As at December 31, 2018		As at December 31, 2017	
	No. of Shares	% held	No. of Shares	% held
Reliance Holding USA, Inc.	300	100	300	100

(Amount in USD)

10. OTHER EQUITY	As at December 31, 2018	As at December 31, 2017
(a) **Additional Paid-in-Capital**		
As per last Balance Sheet	22,100,000	22,100,000
(b) **Retained Earnings**		
As per last Balance Sheet	54,282,046	33,341,898
Add: Total Comprehensive Income for the year	44,743,474	20,940,148
	99,025,520	**54,282,046**
TOTAL	**121,125,520**	**76,382,046**

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

(Amount in USD)

11. BORROWINGS (Unsecured)	As at December 31, 2018	As at December 31, 2017
From banks (lines of credit) (*)	26,000,000	43,960,000
From a related party (refer note 23)	10,000,000	10,000,000
Total	**36,000,000**	**53,960,000**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

12. TRADE PAYABLES	As at December 31, 2018	As at December 31, 2017
Trade payables		
- Trade payables - others	216,067,686	156,660,119
- Payable to related parties (refer note 23)	200,092	189,841
Total	**216,267,778**	**156,849,960**

The average credit period in respect of trade payables ranges between 5-30 days.

(Amount in USD)

13. OTHER FINANCIAL LIABILITIES	As at December 31, 2018	As at December 31, 2017
Interest accrued and due to a related party (refer note 23)	925	-
Interest accrued but not due		
to others	-	14,105
Total	**925**	**14,105**

(Amount in USD)

14. OTHER CURRENT LIABILITIES	As at December 31, 2018	As at December 31, 2017
Other payables	-	789
Total	**-**	**789**

(Amount in USD)

15. CURRENT TAX LIABILITIES	As at December 31, 2018	As at December 31, 2017
Provision for Tax (net of advance tax)	47,275	59,915
Total	**47,275**	**59,915**

(Amount in USD)

16A. REVENUE FROM OPERATIONS	2018	2017
Sale of Products		
- Petroleum Products	3,922,622,381	1,964,833,520
- Others (Benzene and Sulphur Credits)	291,790	1,159,427
Income from Services (refer note 23)	1,190,362	903,050
Total	**3,924,104,533**	**1,966,895,997**
Revenue from Operations disaggregated based on Geography		
- United States of America (USA)	844,230,578	1,170,189,368
- Other than USA	3,079,873,955	796,706,629
Total	**3,924,104,533**	**1,966,895,997**

(Amount in USD)

16B. Other Income	2018	2017
Interest received	127,466	38,133
Total	**127,466**	**38,133**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

17. COST OF GOODS SOLD	**2018**	**2017**
Opening stock (Stock-in-Trade)	174,103,088	179,585,230
Add: Purchases of trading goods (refer note 23)	3,830,114,694	1,856,660,951
Less: Closing stock (Stock-in-Trade) (refer note 4)	(184,691,341)	(174,103,088)
Hedging (Gain)/Loss	(30,264,513)	7,543,431
Total	**3,789,261,928**	**1,869,686,524**

(Amount in USD)

18. EMPLOYEE BENEFITS EXPENSE	**2018**	**2017**
Salaries and Wages	3,159,635	3,288,376
Contribution to Defined Contribution Plans	207,340	239,758
Staff Welfare Expenses (refer note 23)	25,777	20,383
Total	**3,392,752**	**3,548,517**

(Amount in USD)

19. FINANCE COSTS	**2018**	**2017**
Interest Expenses on:		
- Borrowings (net) (refer note 23)	2,334,437	908,539
- Delayed Payment Charges (refer note 23)	-	125,765
- Others	927	42,011
Guarantee Commission (refer note 23)	645,061	315,239
Total	**2,980,425**	**1,391,554**

(Amount in USD)

20. Other Expenses	**2018**	**2017**
Renewable Identification Numbers Expenses	8,934,639	20,801,262
Freight	19,800,996	8,847,388
Demurrage (net)	15,448,963	9,699,694
Quality Claims	1,431,700	-
Inspection Fees	2,855,259	2,889,506
Lease Rent – Storage (refer note 26)	18,437,600	16,936,068
Lease Rent – others (refer note 23 and 26)	191,098	193,360
Port Charges	10,093,006	4,024,510
Terminal Costs	1,530,740	2,525,495
Insurance	504,679	546,063
Brokerage	570,742	548,341
Professional Fees (refer note 23)	100,881	704,401
Business Promotion Expenses	20,890	14,864
Customs Duty	442,574	291,746
Rates and Taxes	871,709	989,241
Auditors Remuneration – Audit Fees	60,000	55,000
Miscellaneous Expenses	1,850,255	1,396,978
Total	**83,145,731**	**70,463,917**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

(Amount in USD)

21. TAXATION

	2018	2017
a) Income tax recognised in the Statement of Profit and Loss	695,149	889,361
Current tax		
In respect of the current year		
Federal	-	-
State	723,656	820,970
Total	**723,656**	**820,970**
Deferred tax		
In respect of the current year		
Federal	-	-
State	(28,507)	68,391
Total	**(28,507)**	**68,391**
Total income tax expenses recognised in the Statement of Profit and Loss	**695,149**	**889,361**

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

(Amount in USD)

	2018	2017
Profit before tax	45,438,623	21,829,509
Federal Income tax calculated at 21% (Previous Year - 35%)	9,542,111	7,640,328
Expenses for state taxes	723,656	820,970
Effect of Income not chargeable to tax (refer note c below)	(10,368,446)	(6,962,291)
Deferred tax effect for the year	(28,507)	68,391
Non-deductible (benefits)	826,335	(678,037)
Income tax expenses recognised in Statement of Profit and Loss	**695,149**	**889,361**

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 Holding USA, Inc., (Holding Company).

22. EARNING PER SHARE (EPS)

Basic earnings per share is computed by dividing the net profit after tax attributable to the shareholdeers by the weighted average number of share 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.

		2018	2017
i)	Net Profit after Tax as per Statement of Profit and Loss attributable to Shareholders (in USD)	44,743,474	20,940,148
ii)	Weighted Average number of Shares outstanding during the year	300	300
iii)	Basic and Diluted Earnings per Share (in USD)	149,145	69,800
iv)	Face Value per Share (in USD)	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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)
3	Reliance Corporate IT Park Limited	Fellow Subsidiary
4	Reliance Europe Limited	Fellow Subsidiary
5	Reliance Industries (Middle East) DMCC	Fellow Subsidiary
6	John Fitzgerald	Key managerial personnel
7	Sanjeev Kedia	

List of transactions during the year with related parties:

(Amount in USD)

Particulars		Related Parties	2018	2017
1	**Income from services**	Reliance Industries Limited	1,190,362	903,050
2.	**Purchases**	Reliance Industries Limited	83,376,802	199,574,316
3.	**Remuneration - short term benefits**	Key Managerial Personnel	1,036,964	996,162
4.	**Employee Benefit Expenses -**			
	a) Staff Welfare Expenses	Reliance Holding USA Inc.	7,084	6,121
5	**Other Expenses**			
	a) Lease Rent - Others	Reliance Holding USA Inc.	177,788	184,480
	b) Insurance	Reliance Holding USA Inc.	2,500	2,330
	c) Miscellaneous Expenses	Reliance Holding USA Inc.	62,825	182,228
	d) Professional fees	Reliance Corporate IT Park Limited	33,323	30,000
6	**Finance Costs**			
	a) Delayed Payment Charges	Reliance Industries Limited	-	125,765
	b) Guarantee Commission	Reliance Industries Limited	645,061	315,239
	c) Intererst on Borrowings	Reliance Europe Limited	308,222	236,436

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 from the customer. Accordingly, the company collects its receivables from Reliance Industries (Middle East) DMCC on behalf of its third-party customer.

(Amount in USD)

Balances as at the end of the year		Related Parties	As at December 31, 2018	As at December 31, 2017
1	**Trade Receivables**	Reliance Industries Limited	230,872	166,372
2	**Borrowings**	Reliance Europe Limited	10,000,000	10,000,000
3	**Trade Payables**	Reliance Holding USA Inc.	16,000	16,000
		Reliance Corporate IT park Limited	30,000	30,000
		Key Managerial Personnel	154,092	143,841
4	**Other financial liabilities**			
	a) Interest accrued and due on borrowings	Reliance Europe Limited	925	-
5	**Financial Guarantees given by**	Reliance Industries Limited	227,500,000	87,500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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:

Particulars	As at December 31, 2018 In lots (#)	As at December 31, 2017 In lots (#)
Futures	**937**	**1,082**

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

1 lot equals to 1,000 barrels.

(Amount in USD)

26. LEASES

	As at December 31, 2018	As at December 31, 2017
Lease payment due:		
Within one year	5,220,357	15,527,893
Later than one year and not later than five years	368,628	895,702
Later than five years	-	-
Total	**5,588,985**	**16,423,595**

Amount of lease rentals charged to Statement of Profit and Loss in respect of non-cancellable operating leases:

	2018	2017
Lease rent - Storage	18,437,600	16,936,068
Lease rent - Others	191,098	193,360
Total	**18,628,698**	**17,129,428**

27. 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) Concentration of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Company sells majority of its products to a single customer leading to credit risk which is mitigated by a related party purchasing another product from the customer and the collection are therefore secured. (Refer note 23).

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 notes 11, 12, and 13 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, 2018 and 2017. 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.

The geraring ratio at the end of the reporting period was as follows:

(Amount in USD)

	As at December 31, 2018	**As at December 31, 2017**
Debt (Refer note 11)	36,000,000	53,960,000
Cash and Cash Equivalent (Refer note 6)	729,095	127,606
Net debt	35,270,905	53,832,394
Total equity (Refer note 9 and 10)	124,125,520	79,382,046
Net debt to equity ratio	28%	68%

28. 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.

29. The financial statements are approved for issue by the Board of Directors at their meeting conducted on April 11, 2019.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: April 15, 2019

For and on behalf of the Board

Director	**Director**
Place: Houston	Place: Houston
Date: April 11, 2019	Date: April 11, 2019