Reliance Holding USA Inc.
Financial Statements
For The Year Ended 31 December, 2019

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF RELIANCE HOLDING USA INC.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Reliance Holding USA Inc. ("the Company"), which comprise the Balance Sheet as at December 31, 2019, the Statement of Profit and Loss including other comprehensive income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, and its loss, its total comprehensive loss, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

Other Reporting Requirements

We further report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity, and dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone financial statements.

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

(Abhijit A. Damle)
Partner
Membership No: 102912
UDIN: 20102912AAAACV5807

Mumbai: June 6, 2020

Balance Sheet as at 31 December, 2019

	Notes	As at 31 December, 2019	As at 31 December, 2018
			In USD
ASSETS			
Non-Current Assets			
(a) Property, plant and equipment	3	277,983	371,749
(b) Other intangible assets	3	-	15,789
(c) Right-of-use assets	3a	724,132	-
(d) Financial assets			
(i) Investments	4	2,426,251,662	1,744,641,196
(ii) Loans	5	9,600	161,148,377
(iii) Other financial assets	6	254,545	58,165
(e) Non current tax assets	7	-	150,000
Total Non-Current Assets		**2,427,517,922**	**1,906,385,276**
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	8	5,802,408	9,622,965
(ii) Other financial assets	9	1,893,427	227,495,446
Total Current Assets		**7,695,835**	**237,118,411**
Total Assets		**2,435,213,757**	**2,143,503,687**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	1,754,050,000	1,754,050,000
(b) Other equity	11	(4,967,102,446)	(4,698,848,569)
Total Equity		**(3,213,052,446)**	**(2,944,798,569)**
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	12	2,192,572,340	3,867,328,945
(ii) Lease Liabilities	13	802,183	-
(iii) Other financial liabilities	14	506,500,000	-
Total Non-Current Liabilities		**2,699,874,523**	**3,867,328,945**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	1,208,000,000	677,000,000
(ii) Trade payables	16	2,311,838	4,139,374
(iii) Lease Liabilities	17	283,828	-
(iv) Other financial liabilities	18	1,737,796,014	539,833,937
Total Current Liabilities		**2,948,391,680**	**1,220,973,311**
Total Equity and Liabilities		**2,435,213,757**	**2,143,503,687**
Corporate information and significant accounting policies and notes to the financial statements	1-34		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 6 June, 2020

For Reliance Holding USA Inc.

Walter Van de Vijver
Director

Place: Houston
Date: 22 April, 2020

Thakur Sharma
Director

New York
22 April, 2020

Statement of Profit and Loss for the year ended 31 December, 2019

In USD

	Notes	2019	2018
INCOME:			
Other income	19	18,492,062	186,263,669
Total income		**18,492,062**	**186,263,669**
EXPENSES:			
Employee benefits expense	20	4,980,680	5,443,902
Finance costs	21	270,244,524	263,994,042
Depreciation and amortisation expense	22	316,450	110,110
Other expenses	23	11,204,285	1,135,411,494
Total expenses		**286,745,939**	**1,404,959,548**
(Loss) for the year		**(268,253,877)**	**(1,218,695,879)**
Other comprehensive income (OCI)		-	-
Total comprehensive (loss) for the year		**(268,253,877)**	**(1,218,695,879)**
Earnings per equity share of face value of USD 10,000 each	24		
Basic (in USD)		(1,529)	(8,025)
Diluted (in USD)		(1,529)	(6,948)
Corporate information and significant accounting policies and notes to the financial statements	1-34		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 6 June, 2020

For Reliance Holding USA Inc.

Walter Van de Vijver
Director

Place: Houston
Date: 22 April, 2020

Thakur Sharma
Director

New York
22 April, 2020

Statement of Changes in Equity for the year ended 31 December, 2019

A. EQUITY SHARE CAPITAL

In USD

Balance at 1 January, 2018	Changes during the year 2018	Balance at 31 December, 2018	Changes during the year 2019	Balance at 31 December, 2019
50,000	1,754,000,000	1,754,050,000	-	1,754,050,000

B. OTHER EQUITY

In USD

	Reserves and Surplus			Total
	Additional Paid in Capital	Capital Reserve	Retained Earnings	
Year ended 31 December, 2018				
Balance as at 1 January, 2018	1,754,000,000	3,000,000	(3,483,152,690)	(1,726,152,690)
Additional paid in capital converted into equity share capital (refer note 10.2)	(1,754,000,000)	-	-	(1,754,000,000)
(Loss) for the year	-	-	(1,218,695,879)	(1,218,695,879)
Balance as at 31 December, 2018	**-**	**3,000,000**	**(4,701,848,569)**	**(4,698,848,569)**
Year ended 31 December, 2019				
Balance as at 1 January, 2019	-	3,000,000	(4,701,848,569)	(4,698,848,569)
(Loss) for the year	-	-	(268,253,877)	(268,253,877)
Balance as at 31 December, 2019	**-**	**3,000,000**	**(4,970,102,446)**	**(4,967,102,446)**

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 6 June, 2020

For Reliance Holding USA Inc.

Walter Van de Vijver
Director

Place: Houston
Date: 22 April, 2020

Thakur Sharma
Director

New York
22 April, 2020

Statement of Cash Flow for the year ended 31 December, 2019

In USD

	Notes	2019	2019	2018	2018
Cash flows from operating activities					
(Loss) as per Statement of Profit and Loss			(268,253,877)		(1,218,695,879)
Adjustments for:					
Finance costs recognised in profit or loss	21	270,244,524		263,994,042	
Interest income recognised in profit or loss	19	(12,735,066)		(186,006,997)	
Depreciation and amortisation expense	22	316,450		110,110	
Provision for Impairment in value of investment (net)	19, 23	4,658,595		1,123,810,627	
Unrealised (gain) on commodity derivatives (net)	19, 23	1,189,070		(1,499,666)	
			263,673,573		1,200,408,116
Operating (loss) before working capital changes			(4,580,304)		(18,287,763)
Movements in working capital:					
Decrease / (increase) in other receivables	9	6,803,948		(5,376,772)	
(Decrease) in trade payables	16, 18	(1,827,537)		(935,182)	
			4,976,411		(6,311,954)
Cash generated from / (used in) operating activities			**396,107**		**(24,599,717)**
Income taxes paid (Net)	7		115,448		-
Net cash generated from operating activities			**511,555**		**(24,599,717)**
Cash flows from investing activities					
Investment in subsidiaries	4		(148,145,000)		(19,250)
Interest income	19		71,634,646		220,053,195
Loan to subsidiaries	5		(225,550,000)		(120,275,000)
Loans repaid by subsidiaries	5		7,385,000		12,790,000
Movement in loans and deposits	5		64,552		17,272
Receipt from finance lease	6, 9		82,091		
Net cash (used in) / generated from investing activities			**(294,528,711)**		**112,566,217**
Cash flows from financing activities					
Proceeds from long term borrowings	12		-		75,000,000
Repayment of long term borrowings	12		-		(257,000,000)
Repayment of lease liabilities	13, 17		(264,349)		-
Proceeds from issuance of preferred stock	14		270,500,000		-
Repayment of short term borrowings (net)	15		317,000,000		331,000,000
Finance costs	21		(297,039,052)		(231,259,765)
Net cash generated from / (used in) financing activities			**290,196,599**		**(82,259,765)**
Net (decrease) / increase in cash and cash equivalents			(3,820,557)		5,706,735
Cash and cash equivalents at the beginning of the year	8		9,622,965		3,916,230
Cash and cash equivalents at the end of the year	8		**5,802,408**		**9,622,965**

Change in liabilities arising from financing activities	**1 January, 2019**	**Cash Flow**	**Non-Cash Movement**	**31 December, 2019**
Borrowings - Non Current (Refer note 12)	3,867,328,945	-	(1,674,756,605)	2,192,572,340
Borrowings - Current maturities of long term Bonds (Refer note 18)	-	-	998,218,997	998,218,997
Borrowings - Current maturities of long term Bank loans (Refer note 18)	450,000,000	-	229,875,000	679,875,000
Borrowings - Current (Refer note 15)	677,000,000	317,000,000	214,000,000	1,208,000,000
Financial Liability - Non-cumulative optionally convertible preferred stock (Refer note 14)	-	270,500,000	236,000,000	506,500,000
	4,994,328,945	**587,500,000**	**3,337,392**	**5,585,166,337**

Non cash item:

i. During current year, loan from Reliance Energy Generation and Distribution Limited (holding company) of USD 236 million converted into Preferred Stock.

ii. During the year 2019 loan to subsidiaries of USD 0.38 billion and interest receivable of USD 0.16 billion converted into non-current investment. (during the year 2018 loan to subsidiaries of USD 2.85 billion converted into non-current investment.

iii. During the year long term loans of USD 450 million were rolled over with short term maturities.

Corporate information and significant accounting policies and notes to the financial statements 1-34

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 6 June, 2020

For Reliance Holding USA Inc.

Walter Van de Vijver
Director

Place: Houston
Date: 22 April, 2020

Thakur Sharma
Director

New York
22 April, 2020

Notes to the Financial Statements for the year ended 31 December, 2019

1. GENERAL INFORMATION

A. Reliance Holding USA Inc. (the "Company", "Reliance", "RHUSA") was incorporated as a Delaware corporation on 30 March 2010, under Delaware General Corporation Law. The principal office of the Company is situated at 2000 W Sam Houston Parkway S, Houston, Texas 77042 in the United States of America.

The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from mineral properties, commercialization of gasoline & blended gasoline products and related businesses through its investments. The Company also has investments in other businesses, including domain names and biotechnology.

The shares of the Company are wholly held by Reliance Energy Generation and Distribution Limited (the "Parent"), a company incorporated in Mumbai, India. Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed company.

The extent of the Company's shareholding in and the principal business activities of the subsidiaries and associates are as follows:

Company	Country of Incorporation	Percentage of Shareholding	Principle Business Activities
Reliance Marcellus LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream Holding LP	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC (till 19 January, 2018)	USA	100.00	Midstream business for oil and gas
Reliance Marcellus II LLC	USA	100.00	Exploration and production of oil and gas
Affinity Names Inc.	USA	100.00	Domain names
Aurora Algae Inc.	USA	100.00	Biotechnology
Aurora Algae Pty ltd. (Till 3 March, 2018)	Australia	100.00	Biotechnology
RIL USA Inc.	USA	100.00	Commercialization of gasoline and blended gasoline products
Affinity USA Inc. (From 15 July, 2019)	USA	100.00	Investment in future oil, gas & other strategic businesses

B. On February 14, 2020 the Company contributed entire shareholding in Reliance Eagleford Upstream GP LLC, RIL USA Inc. and Affinity Names Inc. to the Reliance Marcellus LLC as part of internal restructuring.

2.1 STATEMENT OF COMPLIANCE

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

Changes in accounting policies:

The Company has applied Indian Accounting Standard (Ind AS) 116 leases, to its lease using prospective approach, effective annual reporting period beginning January 01, 2019 and applied the standard to its leases from this date. Ind AS 116 'Leases' is effective for annual periods beginning after 1 April 2019. However, the Company has early adopted the new standard as permitted by the transitional guidance.

Notes to the Financial Statements for the year ended 31 December, 2019

The application of Ind AS 116 has resulted into recognition of Lease liability measured at the present value of the remaining lease payments. The Right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Refer note 2.3.B for significant accounting policies on 'Leases' in the annual financial statement of the Company for the year ended 31 December, 2018, for the policy as per Ind AS 17.

2.2 BASIS OF PREPARATION AND PRESENTATION

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

iii. Level 3 inputs are unobservable inputs for the asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Property, Plant and Equipment and Intangible Assets:

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

Particulars	**Useful Life**
Office Equipments	4 years
Furniture & Fixtures	15 years
Software	3-5 years

B. Leases:

Assets taken on lease

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 amortisation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

Notes to the Financial Statements for the year ended 31 December, 2019

The right-of-use assets is amortised 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.

Assets given on lease

The Company, as a lessor, has a lease arrangement for a office premise.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

C. Borrowing Costs:

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

D. Impairment of Non-Financial Assets:

Impairment indicators

The recoverable amounts of cash-generating units or individual assets as applicable are determined based on higher of value-in-use calculations or fair values less costs to sell. These calculations require the use of estimates and assumptions.

Property plant & equipment

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

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

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

E. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation as a result of past event(s) and 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.

Notes to the Financial Statements for the year ended 31 December, 2019

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 not recognised but disclosed in the financial statements only where inflow of economic benefit is probable.

F. Employee Benefits:

The undiscounted amount of short term and long term employee benefits expected to be paid in exchange for the services rendered by employees are recognised 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 401 (k) plan is considered as defined contribution and is charged as an expense when services are rendered by the employees.

G. Taxation:

The Company on standalone basis is not a tax paying entity for federal or state income tax purposes, and, accordingly, it does not recognise any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Group.

H. 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.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

I. Investment in Subsidiaries:

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 4. Impairment policy applicable on such investments is explained in note 2.3 (J).

J. Impairment of Investment:

Assets representing investment in subsidiary company is reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

K. Financial Instruments:

I. Non-derivative financial instruments

i. Financial Assets.

a. Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

Notes to the Financial Statements for the year ended 31 December, 2019

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Equity instruments

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

d. Impairment of financial assets

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

(a) Financial assets at amortised cost

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

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

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

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

ii. Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

b. Subsequent measurement

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

Notes to the Financial Statements for the year ended 31 December, 2019

II. Derivative financial instruments (not designated as hedges)

Derivative financial instruments arising out of derivative contracts which are not designated as hedges by the Company, changes in fair value of such open derivatives instruments and gains / losses on derivative transaction settled within the year are accounted through Statement of Profit and Loss.

All financial instruments are measured at valuation techniques, as applicable.

III. De-recognition 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 derecognised 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.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

In the application of the Company's accounting policies, 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.

(a) 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 periodically 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.

(b) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

(c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment

Notes to the Financial Statements for the year ended 31 December, 2019

calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) 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.

Notes to the Financial Statements for the year ended 31 December, 2019

3. PROPERTY, PLANT AND EQUIPMENT

In USD

Description	Gross Block			Depreciation and amortisation			Net Block
	As at 1 January, 2019	Additions	**As at 31 December, 2019**	As at 1 January, 2019	For the Year	**As at 31 December, 2019**	**As at 31 December, 2019**
TANGIBLE ASSETS							
Furniture & fixtures	547,367	-	**547,367**	192,361	85,200	**277,561**	**269,806**
Office equipment (includes computer equipment)	159,667	-	**159,667**	142,924	8,566	**151,490**	**8,177**
Sub-Total	**707,034**	**-**	**707,034**	**335,285**	**93,766**	**429,051**	**277,983**
INTANGIBLE ASSETS (other than internally generated)							
Software	1,315,246	-	**1,315,246**	1,299,457	15,789	**1,315,246**	**-**
Sub-Total	**1,315,246**	**-**	**1,315,246**	**1,299,457**	**15,789**	**1,315,246**	**-**
Total	**2,022,280**	**-**	**2,022,280**	**1,634,742**	**109,555**	**1,744,297**	**277,983**

Description	Gross Block			Depreciation and amortisation			Net Block
	As at 1 January, 2018	Additions	**As at 31 December, 2018**	As at 1 January, 2018	For the Year	**As at 31 December, 2018**	**As at 31 December, 2018**
TANGIBLE ASSETS							
Furniture & fixtures	547,367	-	**547,367**	144,351	48,010	**192,361**	**355,006**
Office equipment (includes computer equipment)	159,667	-	**159,667**	133,575	9,349	**142,924**	**16,743**
Sub-Total	**707,034**	**-**	**707,034**	**277,926**	**57,359**	**335,285**	**371,749**
INTANGIBLE ASSETS (other than internally generated)							
Software	1,315,246	-	**1,315,246**	1,246,706	52,751	**1,299,457**	**15,789**
Sub-Total	**1,315,246**	**-**	**1,315,246**	**1,246,706**	**52,751**	**1,299,457**	**15,789**
Total	**2,022,280**	**-**	**2,022,280**	**1,524,632**	**110,110**	**1,634,742**	**387,538**

3a. Right-of-use assets

Description	Gross Block			Amortisation			Net Block
	As at 1 January, 2019	Additions	**As at 31 December, 2019**	As at 1 January, 2019	For the Year	**As at 31 December, 2019**	**As at 31 December, 2019**
Right-of-use assets	931,027	-	**931,027**	-	206,895	**206,895**	**724,132**
	931,027	**-**	**931,027**	**-**	**206,895**	**206,895**	**724,132**

Notes to the Financial Statements for the year ended 31 December, 2019

4 NON CURRENT INVESTMENTS

In USD

Investment in Subsidiaries

Members Contribution / Equity Shares

	As at 31 December, 2019		As at 31 December, 2018	
Particulars	**Qty.**	**Amount**	**Qty.**	**Amount**
Reliance Marcellus LLC	-	3,925,007,811	-	3,413,246,000
Less: Provision for impairment		2,402,726,732		2,402,726,732
		1,522,281,079		1,010,519,268
Reliance Marcellus II LLC	-	530,305,000	-	525,605,000
Less: Provision for impairment		530,263,595		525,605,000
		41,405		-
Aurora Algea Inc.	75,763,427	63,784,202	75,763,427	63,784,202
Less: Provision for impairment		63,784,202		63,784,202
		-		-
Reliance Eagleford Upstream LLC	-	3,248,215,400	-	3,078,443,150
Less: Provision for impairment		2,362,983,772		2,362,983,772
		885,231,628		715,459,378
Reliance Eagleford Upstream GP LLC	-	61,800	-	36,800
Less: Provision for impairment		26,946		26,946
		34,854		9,854
Affinity Names Inc.	-	265,224	-	265,224
Less: Provision for impairment		20,949		20,949
		244,275		244,275
Affinity USA Inc.	1	10,000	-	-
RIL USA Inc	300	3,000,000	300	3,000,000
Total investment in Subsidiaries		**2,410,843,241**		**1,729,232,775**

Investment in others (unquoted)

	As at 31 December, 2019		As at 31 December, 2018	
Particulars	**Qty.**	**Amount**	**Qty.**	**Amount**
Terra Power LLC	4,454,799	15,408,421	4,454,799	15,408,421
Ecorithm Inc.	775,893	-	775,893	-
Total investments in others		**15,408,421**		**15,408,421**
Total non-current investments		**2,426,251,662**		**1,744,641,196**

5 LOANS (NON-CURRENT)

(Unsecured considered good)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Employee car loans	9,600	21,427
Loans to subsidiaries (Refer note 31)	-	161,126,950
TOTAL	**9,600**	**161,148,377**

Notes to the Financial Statements for the year ended 31 December, 2019

6 OTHER FINANCIAL ASSETS (NON-CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Net investment in sublease of right of use assets	249,105	-
Security deposits	5,440	58,165
TOTAL	**254,545**	**58,165**

7 NON-CURRENT TAX ASSETS

In USD

	As at 31 December, 2019	As at 31 December, 2018
Advance income tax	-	150,000
TOTAL	**-**	**150,000**

8 CASH AND CASH EQUIVALENTS

In USD

	As at 31 December, 2019	As at 31 December, 2018
Balance with banks	5,802,408	9,622,965
TOTAL	**5,802,408**	**9,622,965**

8.1 Balance with banks 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.

9 OTHER FINANCIAL ASSETS (CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Interest receivable from subsidiaries (Refer note 31)	-	196,586,550
Guarantee commission receivable (Refer note 31)	-	21,145,141
Receivable from subsidiaries (Refer note 31)	507,148	7,270,174
Commodity derivatives assets	83,735	1,272,805
Net Investment in sublease of right of use assets	88,138	-
Other receivables	1,214,406	1,220,776
TOTAL	**1,893,427**	**227,495,446**

Notes to the Financial Statements for the year ended 31 December, 2019

10 EQUITY SHARE CAPITAL

In USD

	As at 31 December, 2019	As at 31 December, 2018
Authorised share capital:		
420,005 Common Stock of USD 10,000 each	4,200,050,000	-
520,005 Common Stock of USD 10,000 each	-	5,200,050,000
TOTAL	**4,200,050,000**	**5,200,050,000**
Issued, Subscribed and Paid up:		
175,405 Equity Shares of USD 10,000 each fully paid up	1,754,050,000	1,754,050,000
TOTAL	**1,754,050,000**	**1,754,050,000**

10.1 Details of shareholders holding more than 5% shares:

Name of the Shareholder	As at 31 December, 2019		As at 31 December, 2018	
	No. of Shares	% held	No. of Shares	% held
Reliance Energy Generation and Distribution Limited	175,405	100	500,000	100

10.2 The Company carried out reverse stock split of entire outstanding 500,000 common stock of $0.10 each as at 11 January, 2018 and converted them into 5 common stock of $10,000 each. Following this, the Company also increased it's authorized capital from 500,000 common stock of $0.10 each to 520,005 common stock of $10,000 each vide restated certificate of incorporation dated 12 January, 2018. Further, the Company, on 19 February, 2018, converted it's entire additional paid-in capital of $1,754 million into 175,400 common stock of $10,000 each and issued necessary share certificates to it's shareholder.

10.3 In June 2019, the Company amended it's authorized capital to include 100,000 Preferred Stock of $10,000 each and reduced the number of Common Stock from 520,005 to 420,005 Common Stock of $10,000 each vide restated certificate of incorporation dated 25 June, 2019.

11 OTHER EQUITY

In USD

	As at 31 December, 2019		As at 31 December, 2018	
Additional paid in capital				
Opening balance	-		1,754,000,000	
Conversion during the year	-		(1,754,000,000)	-
Capital reserve				
Opening balance	3,000,000		3,000,000	
Additions during the year	-	3,000,000	-	3,000,000
Retained earnings				
Opening balance	(4,701,848,569)		(3,483,152,690)	
(Loss) for the year	(268,253,877)		(1,218,695,879)	
		(4,970,102,446)		(4,701,848,569)
TOTAL		**(4,967,102,446)**		**(4,698,848,569)**

11.1 Additional paid in capital

Additional paid-in-capital represents the additional contribution made by the Parent Company over and above the fully paid up share capital.

11.2 Capital reserve

Capital reserve is generated on account of acquisition RIL USA Inc. This represents excess of net assets acquired over the consideration for the acquisition.

12 BORROWINGS (NON CURRENT)

(Refer note 12.3) *In USD*

	As at 31 December, 2019		As at 31 December, 2018	
Unsecured - at amortised cost				
Bonds (Refer note 12.1)	1,992,572,340		2,987,753,945	
Term loans from banks (Refer note 12.2)	200,000,000		879,575,000	
		2,192,572,340		**3,867,328,945**
TOTAL		**2,192,572,340**		**3,867,328,945**

12.1 On 19 October 2010, Reliance issued $1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the 2020 Notes) and $500 million of 6.25% Guaranteed Senior Notes due 2040. Further, on 14 February 2012 and 28 February 2012, Reliance issued $1,000 million and $500 million, respectively, of 5.40% Guaranteed Senior Notes due 2022 (2022 Notes, collectively with the 2020 Notes and 2040 Notes, the Bonds). The Bonds are guaranteed on an unsecured basis by Reliance Industries Limited, India. Unless previously repurchased, cancelled or redeemed, the 2020 Notes and the 2040 Notes will mature on 19 October 2020 and 19 October 2040, respectively and 2022 Notes will mature on 14 February, 2022 and 28 February, 2022. The Bonds are unsecured and unsubordinated obligations of Reliance, rank pari-passu with all of its other existing and future unsubordinated obligations, and are effectively subordinated to secured obligations of the guarantor and the obligations of its subsidiaries. Reliance has the option to redeem all or a portion of each series of the Notes at any time. The Notes are traded on the Singapore Exchange. The gross unpaid principal balance and accrued interest on the Bonds were $3,000 million and $46.18 as at 31 December, 2019 and 31 December, 2018 respectively. Summary of such bonds is given in the table below.

In USD

	Maturity Profile		Non-Current	Current #
	Above 5 years	1-5 years	Total	Total
Bonds - Non current maturities	500,000,000	1,500,000,000	2,000,000,000	-
Bonds - Current maturities	-	-	-	1,000,000,000

presented as other financial liabilities in current liabilities

12.2 As at 31 December 2019, the Company has outstanding unsecured long term loan facilities from several banks with aggregate borrowing of $880 million ($1,330 million as at 31 December 2018). The effective interest rates during the period varied between 3.08% and 4.40%. The maturity of these facilities range from the first quarter of 2020 to the first quarter of 2021. Summary of such debts is given in the table below.

In USD

	Maturity Profile		Non-Current	Current #
	Above 5 years	1-5 years	Total	Total
Term loans from banks - Non current maturities	-	200,000,000	200,000,000	-
Term loans from banks - Current maturities	-	-	-	680,000,000

presented as other financial liabilities in current liabilities

12.3 The costs related to raising of the debt together with discount on issuance is amortised over the tenure of the debt. The unamortised portion of $9 million as at 31 December, 2019 and $ 13 million as at 31 December, 2018 has been netted off against the carrying values of related borrowings.

13 LEASE LIABILITIES (NON CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Lease liabilities	802,183	-
TOTAL	**802,183**	**-**

14 OTHER FINANCIAL LIABILITIES (NON CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Non-cumulative optionally convertible preferred stock (Refer note 33)	506,500,000	-
	506,500,000	-

14.1 In June, 2019, the Company amended it's authorized capital to include 100,000 Preferred Stock of $10,000 each vide restated certificate of incorporation dated 25 June, 2019.

14.2 During the year, the Company has issued 50,650 Series A 7% Non-Cumulative Optionally Preferred Stock (Preferred Stock) at par value of $10,000 each to Reliance Energy Generation and Distribution Limited ("REGDL" or the "Parent") in accordance with mutually executed Agreement dated 26 June, 2019. Out of 50,650 Preferred Stock, 23,600 Preferred Stock were issued against conversion of unsecured loan advanced by REGDL and balance against cash received.

14.3 *Dividend on Preferred Stock:*

The Preferred Stock holder shall have preferential rights to receive dividends out of distributable profits in any calendar year. Such dividends shall be at least 7% of the original issue price, payable only when, and if declared by the board of directors and shall be non-cumulative.

14.4 *Terms of conversion/redemption of Preferred Stock:*

The Preferred Stock holder has conversion rights and the conversion price shall be equal to $10,000 after adjustment of any dividend, stock split, etc. However, if 90% of fair market value (FMV) of Common Stock is greater than the aforesaid conversion price, then solely for the purpose of calculating the number of shares of Common Stock to be issued upon such conversion, conversion price shall be considered at 90% of FMV of Common Stock.

The Preferred Stock may be redeemed either by the Company or by majority of holder of Preferred Stock by providing requisite notice to the Company.

All the outstanding Preferred Stock are mandatorily redeemable by the Company at original issue price of $10,000/- per stock on or before the fifth anniversary date. Conversion rights of the holder shall cease to exist on the fifth anniversary date or in case the holder or the Company delivers a redemption notice regarding any outstanding Preferred Stock.

14.5 *Voting rights:*

Each holder of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which such Preferred Stock are convertible at the then applicable conversion price.

14.6 The Preferred Stock are not registered under any security laws and Company does not have any present plan to do the same.

15 BORROWINGS (CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Unsecured - at amortised cost		
Term loan from banks (Refer note 15.1)	1,208,000,000	677,000,000
TOTAL	**1,208,000,000**	**677,000,000**

15.1 As at 31 December 2019, the Company has outstanding unsecured short-term loan facilities from banks with aggregate borrowings of $1,208 million. The maturity of these loans ranging from the first quarter of 2020 to the fourth quarter of 2020 and carrying interest rates ranging from 2.80% to 3.82%. As of 31 December 2018, the Company had outstanding unsecured short-term loan facilities from banks with aggregate borrowings of $677 million the maturity of these loans were ranging from first quarter of 2019 to third quarter of 2019 and carrying interest rates ranging from 2.44% to 3.44%.

16 TRADE PAYABLES

In USD

	As at 31 December, 2019	As at 31 December, 2018
Trade payables	2,148,740	3,953,340
Payable to related party (Refer note 31)	163,098	186,034
TOTAL	**2,311,838**	**4,139,374**

The average credit period in respect of trade payables ranges between 15 days to 30 days.

17 LEASE LIABILITIES (CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Lease Liabilities	283,828	-
TOTAL	**283,828**	**-**

18 OTHER FINANCIAL LIABILITIES (CURRENT)

In USD

	As at 31 December, 2019	As at 31 December, 2018
Interest accrued but not due on borrowings	50,057,755	46,178,978
Guarantee commission payable (Refer note 31)	8,144,262	7,486,026
Derivative liabilities in respect of interest rates swaps/swaptions	-	34,668,933
Current maturities of long term debt -Bonds (Refer note 12.1)	998,218,997	-
Current maturities of long term debt - Term Loans (Refer note 12.2)	679,875,000	450,000,000
Payable to Subsidiary (Refer note 31)	1,500,000	1,500,000
TOTAL	**1,737,796,014**	**539,833,937**

19 OTHER INCOME

In USD

	2019		2018	
Interest income:				
From Subsidiaries (Refer note 31)	12,672,213		185,885,923	
From others	43,751	12,715,964	121,074	186,006,997
Gain on derivatives (Net)		5,756,996		-
Finance income on sub-lease		19,102		
Provision for impairment in value of investment reversed		-		237,750
Miscellaneous Income		-		18,922
TOTAL		**18,492,062**		**186,263,669**

20 EMPLOYEE BENEFITS EXPENSE

In USD

	2019	2018
Salaries and wages #	4,448,592	4,384,332
Contribution to defined contribution scheme	510,857	858,789
Staff welfare expenses	21,231	200,781
TOTAL	**4,980,680**	**5,443,902**

net of expenses recharged to subsidiaries.

21 FINANCE COSTS

In USD

	2019	2018
Interest on bonds and bank loans	234,784,198	223,280,588
Interest cost on loans from related party (Refer note 31)	3,370,914	-
Guarantee commission (Refer note 31) #	31,667,550	6,004,633
Interest on lease liabilities	61,515	-
(Gain) / Loss on interest rates swaps/swaptions	(8,667,582)	30,389,309
Other borrowing costs ##	9,027,929	4,319,512
TOTAL	**270,244,524**	**263,994,042**

net of expenses recharged to subsidiaries during the previous year.

The Company and the ultimate holding company Reliance Industries Ltd. ("RIL") have solicited consents from the holders of three separate series of notes (collectively, the "Notes"), each with different maturity dates and interest rates, issued by the Company and guaranteed by RIL. The purpose of the Consent Solicitation is to obtain (i) transaction consent to enter into and perform transactions relating to, certain intra-group reorganization, and (ii) consent to amend certain terms of the Fiscal Agency Agreements governing the aforesaid Notes. The consent has been obtained from the majority of the notes holder and the expenditure of $5,413,025 incurred in connection with obtaining the said consent has been accounted as other borrowing costs during the year 2019.

22 DEPRECIATION AND AMORTISATION EXPENSE

In USD

	2019	2018
Depreciation on property, plant and equipment	93,765	57,359
Amortisation of other intangible assets	15,790	52,751
Amortization of right-of-use assets	206,895	-
TOTAL	**316,450**	**110,110**

23 OTHER EXPENSES

In USD

	2019	2018
Legal and professional fees	3,669,120	2,948,129
General expenses	1,312,765	2,719,370
Lease rentals (Refer note 30) ##	305,846	571,148
Rates & taxes	38,991	26,112
Travelling and conveyance expenses	853,468	908,524
Payment to auditors	365,500	310,000
Provision for impairment in value of investment	4,658,595	1,124,048,377
Loss on derivatives (Net)	-	3,879,834
TOTAL	**11,204,285**	**1,135,411,494**

net of expenses recharged to subsidiaries

expense for the year 2019 relates to short-term lease payment of USD 133,330 and variable lease payment of USD 172,516.

24. EARNINGS PER SHARE (EPS)

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

		2019	2018
i)	Net (Loss) as per Statement of Profit and Loss attributable to the shareholder of the Company	(268,253,877)	(1,218,695,879)
ii)	Weighted average number of shares used as denominator for calculating basic EPS	175,405	151,858
iii)	Basic earnings per share ($)	(1,529)	(8,025)
iv)	Weighted average number of shares used as denominator for calculating diluted EPS	175,405	175,405
v)	Diluted earnings per share ($) #	(1,529)	(6,948)
vi)	Face value per share ($)	10,000	10,000

25. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company, with the support of its parent, will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required. The Company will be able to effectively manage near term obligations through a combination of extension / re-financing of loans, share holder's funds or through merger with parent. The Company also believes that the impact of Covid-19 pandemic is short-term and is not likely to have an adverse impact in the long-term.

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 value.

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 year ended 31 December 2019 and 31 December 2018. Capital comprises of bonds, loans, and equity. The Company is not exposed to any externally imposed capital requirements.

Net gearing ratio:

The gearing ratio at the end of the year was as follows

	As at 31 December, 2019	As at 31 December, 2018
Debt #	5,594,500,000	5,007,000,000
Less: Cash and cash equivalents	5,802,408	9,622,965
Net debt	5,588,697,592	4,997,377,035
Total equity	(3,208,393,851)	(2,944,798,569)
Net debt to equity ratio	-174%	-170%

Debt is defined as long term borrowings, short term borrowings and non-current financial liabilities excluding derivatives, financial guarantee contracts and contingent contracts.

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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 of interest rate risk. Financial instruments affected by market risk include borrowings, trade & other payables, trade & other receivables and loans.

Interest rate risk:

The Company is exposed to interest rate risk because Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rates borrowing and through selective interest rate swaps to optimise the interest cost exposure.

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 prices with counterparties and derivative commodity contracts. The Company believes that current volatility in the market is temporary and this volatility can be managed with temporary adjustment in capital and operating spend and is not likely to have an adverse impact in the long term. Long term fundamentals of the business are intact and the modular nature of the business allows it to quickly respond to changes in commodity prices.

26. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31 December, 2019	As at 31 December, 2018
Financial assets			
A. Measured at fair value through profit or loss (FVTPL)			
(i) Investment - Others (unquoted)	4	15,408,421	15,408,421
(ii) Commodity derivative assets	9	83,735	1,272,805
B. Measured at amortised cost (AC)			
(i) Loans	5	9,600	161,148,377
(ii) Net investment in sublease of right of use assets			
(a) Non-current	6	249,105	-
(b) Current	9	88,138	-
(iii) Security deposit	6	5,440	58,165
(iv) Cash and cash equivalents	8	5,802,408	9,622,965
(v) Interest receivable from subsidiaries	9	-	196,586,550
(vi) Guarantee commission receivable	9	-	21,145,141
(vii) Receivable from Subsidiaries	9	507,148	7,270,174
(viii) Other receivables	9	1,214,406	1,220,776
Financial liabilities			
A. Measured at fair value through profit or loss (FVTPL)			
(i) Optionally convertible preferred stock	14	506,500,000	-
(ii) Derivative liabilities in respect of interest rates swaps / swaptions	18	-	34,668,933
B. Measured at amortised cost (AC)			
(i) Borrowings			
(a) Non-current	12	2,192,572,340	3,867,328,945
(b) Current	15	1,208,000,000	677,000,000
(c) Current maturities of long term debt - Bonds	18	998,218,997	-
(d) Current maturities of long term debt - Term Loans	18	679,875,000	450,000,000
(ii) Trade payables	16	2,311,838	4,139,374
(iii) Lease liabilities			
(a) Non-current	13	802,183	-
(b) Current	17	283,828	-
(iv) Payable to subsidiaries	18	1,500,000	1,500,000
(v) Interest accrued but not due on borrowings	18	50,057,755	46,178,978
(vi) Guarantee commission payable	18	8,144,262	7,486,026

27. FAIR VALUE MEASUREMENT:

In USD

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 31 December, 2019	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment-others (unquoted) (Refer note 4) #	15,408,421	NA	NA	15,408,421
Commodity derivative assets (Refer note 9)	83,735	NA	83,735	NA
Non-cumulative optionally convertible Preferred Stock (Refer note 14) ##	506,500,000	NA	NA	506,500,000

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 31 December, 2018	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment-others (unquoted) (Refer note 4) #	15,408,421	NA	NA	15,408,421
Commodity derivative assets (Refer note 9)	1,272,805	NA	1,272,805	NA
Derivative liabilities in respect of interest rates swaps / swaptions (Refer note 18)	34,668,933	NA	34,668,933	NA

\# The management has evaluated their investment based on progress till date and future outlook and concluded that the carrying value as on the dates of the respective balance sheet represents fair value of investment.

\## Entire non-cumulative optionally convertible Preferred Stocks are held by Reliance Energy Generation & Distribution Ltd. (the 'Parent'). This being an intra-group balance, will be cancelled on intra-group reorganization leading to merger of the Company with the Parent. Hence, management believes that the fair value of the Preferred Stock is equals to the original issue price.

28. GOING CONCERN CONSIDERATIONS

The accumulated losses have fully eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future basis the continued support from Reliance Industries Limited (RIL), the ultimate 100 % holding company as evidenced from the fact that RIL has guaranteed the outstanding bond liability of the Company. Holding Company has also been steadily investing into the Company over the years. Company will be able to effectively manage near term obligations through a combination of extension / re-financing of loans, share holder's funds or through merger with parent. The Company also believes that the current volatility in the market is temporary and is not likely to have an adverse impact in the long-term. Hence, the accounts are prepared on a going concern basis.

29. FINANCIAL AND DERIVATIVE INSTRUMENTS

The Company has entered into the following derivative contracts that have not been designated as hedges; the fair value is recognised as gains or (losses) in the Statement of Profit and Loss and derivative assets and liabilities in the Balance Sheet.

Derivative	**31 December, 2019**		**31 December, 2018**	
	Maturity period	**Notional position/ value**	**Maturity period**	**Notional position/ value**
Natural Gas - NYMEX - Fixed swaps	January, 2020 to December, 2020	480,000 mmbtu/day	February, 2019 to December, 2019	429,000 mmbtu/day
Natural Gas - NYMEX - Asian floor/ cap and basis swaps	-	-	January, 2019 to December, 2019	587,000 mmbtu/day
Crude - NYMEX - Fixed swaps	January, 2020 to June, 2020	3,750 bbl/day	-	-
Crude - NYMEX - Asian Cap / Floor	January, 2020 to June, 2020	7,050 bbl/day	-	-
Interest rate swaptions	-	-	January, 2019 to March, 2019	$4,550 million
Interest rate swap	-	-	November, 2022 to December, 2023	$900 million

30. LEASES

30.1 Lease liabilities - Maturity analysis (Undiscounted basis)

	As at 31 December, 2019	As at 31 December, 2018
Not later than 1 year	331,683	329,321
Later than 1 year and not later than 5 year	855,393	1,187,076
Later than 5 year	-	-
TOTAL	**1,187,076**	**1,516,397**

30.2 One of the office premises in which the Company is the lessee contain variable lease payment terms that are based on actual usage capacity. The breakdown of actual lease payments is as follows.

Particulars	2019
Fixed payments	325,864
Variable payments	172,516
TOTAL	**498,380**

Overall the variable payments constitute up to 27.31% of the Company's entire lease payments. The Company expects this ratio to remain constant in future years. The variable rent expenses are expected to continue in similar proportion for future years.

30.3 The Company has lease arrangements of office premises. The lease term is upto 30 June, 2023.

30.4 The total cash outflow for leases amount to USD 631,710 (include short-term and variable lease payment of USD 133,330 and USD 172,516 respectively).

30.5 The discount rate used is 5.0 % (incremental borrowing rate) for the Company. This rate is applied to lease liabilities recognised in the balance sheet.

30.6 Reconciliation between the future minimum lease rental commitments towards non-cancellable operating leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019.

Particulars	1 January, 2019
Operating lease commitments disclosed as at December 31, 2018 (Refer note 30.1)	1,516,397
Less: discounted using the incremental borrowing rate at the date of initial application (January 1, 2019)	(162,580)
Less: short-term leases not recognised as a lease liability	(3,457)
Lease liability recognised as at January 1, 2019	**1,350,360**
Of which are:	
Current lease liabilities	264,349
Non-current lease liabilities	1,086,011
	1,350,360

31. RELATED PARTY

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

Name of the related party	Relation
Reliance Energy Generation & Distribution Limited	Holding Company (Control exists)
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Eagleford Upstream LLC	Subsidiary (control exists)
Reliance Eagleford Upstream GP LLC	Subsidiary (control exists)
Reliance Eagleford Upstream Holding LP	Subsidiary (control exists)
Reliance Marcellus LLC	Subsidiary (control exists)
Reliance Marcellus II LLC	Subsidiary (control exists)
Affinity Names Inc.	Subsidiary (control exists)
Aurora Algae Inc.	Subsidiary (control exists)
RIL USA Inc.	Subsidiary (control exists)
Affinity USA Inc.	Subsidiary (control exists)
Walter Van de Vijver, CEO	Key Management Person
Thakur Sharma, Director	Key Management Person
Masoud Javadi, General Counsel	Key Management Person

Related Party Transactions

In USD

Name of the related party	Balances as at year end	As at 31 December, 2019	As at 31 December, 2018
Reliance Industries Limited	Guarantee given by	3,000,000,000	3,000,000,000
Reliance Industries Limited	Guarantee commission payable	8,144,262	7,486,026
Reliance Industries Limited	Corporate office support payable	163,098	186,034
Reliance Energy Generation & Distribution Limited	Preferred stock balance	506,500,000	-
RIL USA Inc.	Rent receivable	22,199	25,745
Reliance Eagleford Upstream Holding LP	Standby letter of credit given to	28,500,000	28,500,000
Reliance Marcellus LLC	Loan to subsidiary	-	137,209,700
Reliance Eagleford Upstream LLC	Loan to subsidiary	-	23,917,250
Reliance Eagleford Upstream Holding LP	Guarantee commission receivable	-	2,135,154
Reliance Marcellus LLC	Guarantee commission receivable	-	19,009,987
Reliance Eagleford Upstream Holding LP	Other receivable	270,033	520,195
Reliance Marcellus LLC	Other receivable	237,115	3,073,912
Reliance Marcellus II LLC	Other receivable	-	3,676,068
Aurora Algae Inc.	Other payable - Current	1,500,000	1,500,000
Reliance Marcellus LLC	Interest receivable	-	187,353,340
Reliance Eagleford Upstream LLC	Interest receivable	-	9,233,210
Key Management Persons	Remuneration and benefits payable	572,558	1,455,169

In USD

Name of the related party	Nature of transaction	For the year ended	
		As at 31 December, 2019	As at 31 December, 2018
Reliance Industries Limited	Guarantee commission	31,667,550	29,626,026
Reliance Industries Limited	Corporate office support	774,844	1,008,238
Reliance Energy Generation & Distribution Limited	Loans taken from	236,000,000	-
Reliance Energy Generation & Distribution Limited	Loans converted into preferred stock	236,000,000	-
Reliance Energy Generation & Distribution Limited	Preferred stock issued	270,500,000	-
Reliance Energy Generation & Distribution Limited	Interest on borrowings	3,370,914	-
Reliance Eagleford Upstream Holding LP	Recovery of guarantee commission	-	12,744,102
Reliance Marcellus LLC	Recovery of guarantee commission	-	10,877,291
Reliance Eagleford Upstream Holding LP	Recovery of employee benefit expenses	1,472,470	2,174,451
Reliance Marcellus LLC	Recovery of employee benefit expenses	1,205,957	1,615,342
Reliance Eagleford Upstream LLC	Loan given to (net)	114,545,000	83,420,000
Reliance Marcellus LLC	Loan given to (net)	103,620,000	24,065,000
Reliance Eagleford Upstream LLC	Conversion of loan given into investment	138,462,250	1,350,000,000
Reliance Marcellus LLC	Conversion of loan given into investment	240,829,700	1,500,000,000
Reliance Marcellus LLC	Conversion of interest receivable into investment	158,832,111	-
Reliance Eagleford Upstream LLC	Interest income	4,359,541	85,266,358
Reliance Marcellus LLC	Interest income	8,312,672	100,619,565
RIL USA Inc.	Rent recovery	209,072	255,551
Reliance Eagleford Upstream Holding LP	Recovery of other expenses	195,944	606,661
Reliance Marcellus LLC	Recovery of other expenses	208,700	236,111
Reliance Marcellus II LLC	Liabilities paid on behalf of Subsidiary	-	3,676,068
Reliance Marcellus LLC	Investment	112,100,000	-
Reliance Eagleford Upstream LLC	Investment	31,310,000	13,000
Reliance Marcellus II LLC	Investment	4,700,000	-
Reliance Eagleford Upstream GP LLC	Investment	25,000	-
Affinity USA Inc.	Investment	10,000	-
Affinity Names Inc.	Investment	-	6,250
Key management persons	Remuneration and benefits		
	- Short term benefits	2,260,957	3,021,110
	- Long term benefits	227,462	539,646

32. SEGMENT REPORTING

The company is engaged in the business of exploration and production of oil and gas from shale reservoirs in the United States of America through its investments. Consequently, there is a single business and geographical segment.

33 The outbreak of Coronavirus (COVID-19) pandemic Globally is causing significant disturbance and slowdown of economic activity. U.S. has been significantly hit by Coronavirus pandemic. Further, during March 2020, there has been significant volatility in oil prices, adding to the uncertainty. The Company has determined that these events are non-adjusting subsequent events and therefore an evaluation of the impact, if any, on the balance sheet as at 31 December, 2019 has not been made. While presently, it is not possible to evaluate the impact if any on the Company's operations in the short to medium term, the pandemic could impact Company's earnings, cash flows and financial condition.

34 The financial statements are approved for issue by the Board of Directors on 22 April, 2020.

For Reliance Holding USA Inc.

Walter Van de Vijver	**Thakur Sharma**
Director	Director
Place: Houston	New York
Date: 22 April, 2020	22 April, 2020