

# **Reliance Marcellus LLC**

**Financial Statements  
For the year ended 31st December, 2023**

**INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF MANAGERS OF RELIANCE MARCELLUS LLC**

**Report on the Audit of the Special Purpose Standalone Financial Statements  
Opinion**

We have audited the accompanying special purpose standalone financial statements of Reliance Marcellus LLC (“the Company”), which comprise the Balance Sheet as at December 31, 2023, 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 special purpose 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, 2023, and its profit, its 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 special purpose standalone financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the special purpose 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 special purpose 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 special purpose standalone financial statements.

**Information Other than the Special Purpose Standalone Financial Statements and Auditor’s Report Thereon**

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

The Company’s Board of Managers is responsible for the preparation of these special purpose 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 special purpose standalone financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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 Managers are also responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibility for the Audit of the Special Purpose Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose 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 special purpose standalone financial statements, including the disclosures, and whether the special purpose standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Restriction on Distribution and Use**

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

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

**(Abhijit A. Damle)**  
Partner  
Membership No: 102912  
UDIN: 24102912BKEPER5849

**RELIANCE MARCELLUS LLC**  
**Balance Sheet as at 31st December, 2023**  
*(amounts in US Dollars)*

|                                      | Notes | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|--------------------------------------|-------|------------------------------|------------------------------|
| <b>ASSETS</b>                        |       |                              |                              |
| <b>Non-Current Assets</b>            |       |                              |                              |
| (a) Right-of-use assets              | 3     | -                            | -                            |
| (b) Financial assets                 |       |                              |                              |
| (i) Investments                      | 4     | 51,628,721                   | 20,295,388                   |
| <b>Total Non-Current Assets</b>      |       | <b>51,628,721</b>            | <b>20,295,388</b>            |
| <b>Current Assets</b>                |       |                              |                              |
| (a) Financial assets                 |       |                              |                              |
| (i) Cash and cash equivalents        | 5     | 4,442,908                    | 8,398,821                    |
| (ii) Other financial assets          | 6     | 5,043,529                    | 10,000,000                   |
| <b>Total Current Assets</b>          |       | <b>9,486,437</b>             | <b>18,398,821</b>            |
| <b>Total Assets</b>                  |       | <b>61,115,158</b>            | <b>38,694,209</b>            |
| <b>EQUITY AND LIABILITIES</b>        |       |                              |                              |
| <b>Equity</b>                        |       |                              |                              |
| (a) Member's contribution            | 7     | 4,926,342,782                | 4,926,342,782                |
| (b) Other equity                     | 8     | (4,930,460,825)              | (4,958,024,283)              |
| <b>Total Equity</b>                  |       | <b>(4,118,043)</b>           | <b>(31,681,501)</b>          |
| <b>Liabilities</b>                   |       |                              |                              |
| <b>Non-Current Liabilities</b>       |       |                              |                              |
| (a) Financial liabilities            |       |                              |                              |
| (i) Borrowings                       | 9     | -                            | 70,000,000                   |
| <b>Total Non-Current Liabilities</b> |       | <b>-</b>                     | <b>70,000,000</b>            |
| <b>Current Liabilities</b>           |       |                              |                              |
| (a) Financial liabilities            |       |                              |                              |
| (i) Borrowings                       | 10    | 65,000,000                   | -                            |
| (ii) Trade payables                  | 11    | 197,690                      | 354,232                      |
| (iii) Other financial liabilities    | 12    | 35,511                       | 21,478                       |
| <b>Total Current Liabilities</b>     |       | <b>65,233,201</b>            | <b>375,710</b>               |
| <b>Total Equity and Liabilities</b>  |       | <b>61,115,158</b>            | <b>38,694,209</b>            |

Corporate information and material accounting policies  
and notes to the financial statements

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As per report of our even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the board**

**Abhijit A. Damle**  
Partner  
Membership No. 102912  
Place: Mumbai  
Date: April 16, 2024

**Walter Van de Vijver**  
Director

Date: April 15, 2024

**RELIANCE MARCELLUS LLC****Statement of Profit and Loss for the year ended 31st December, 2023***(amounts in US Dollars)*

|  | Notes  | 2023             | 2022              |
|--|--------|------------------|-------------------|
| <b>INCOME</b>  |        |                  |                   |
| Revenue from operations  | 13     | -                | 4,250,000         |
| Other income   | 14     | 5,781,762        | 11,704,219        |
| <b>Total Income</b>  |        | <b>5,781,762</b> | <b>15,954,219</b> |
| <b>EXPENSES</b>  |        |                  |                   |
| Employee benefits expense  | 15     | 458,045          | 656,525           |
| Finance costs  | 16     | 4,169,088        | 2,053,416         |
| Amortisation expenses  | 17     | -                | 101,295           |
| Other expenses   | 18     | 1,591,171        | 957,464           |
| <b>Total Expenses</b>  |        | <b>6,218,304</b> | <b>3,768,700</b>  |
| <b>(Loss) / Profit before exceptional items and tax</b>                                      |        | <b>(436,542)</b> | <b>12,185,519</b> |
| Exceptional Items  |        | -                | -                 |
| <b>Profit before tax</b>   |        | <b>(436,542)</b> | <b>12,185,519</b> |
| <b>Tax Expense</b>   |        | -                | -                 |
| <b>(Loss) / Profit for the year</b>  |        | <b>(436,542)</b> | <b>12,185,519</b> |
| <b>Other comprehensive income (OCI)</b>  |        | -                | -                 |
| <b>Total comprehensive income for the year</b>   |        | <b>(436,542)</b> | <b>12,185,519</b> |
| <b>Earnings per membership interest of USD 1 million each</b>                                | 19     | -                | -                 |
| Corporate information and material accounting policies and notes to the financial statements | 1 - 27 |                  |                   |

As per report of our even date

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Partner

Membership No. 102912

Place: Mumbai

Date: April 16, 2024

**Walter Van de Vijver**

Director

Date: April 15, 2024

**RELIANCE MARCELLUS LLC****Statement of Changes in Equity for the year ended 31st December, 2023***(amounts in US Dollars)***A. MEMBER'S CONTRIBUTION**

| Balance as at 1st January, 2022 | Changes during the year 2022 | Balance as at 31st December, 2022 | Changes during the year 2023 | Balance as at 31st December, 2023 |
|---------------------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| 4,926,342,782 *                 | -                            | 4,926,342,782                     | -                            | 4,926,342,782                     |

\* On account of merger of Reliance Marcellus II LLC amounting USD 530,114,582

**B. OTHER EQUITY**

| Particulars                              | Instrument classified as equity   |   | Share of net income    | Total                  |
|--|---|---|------------------------|------------------------|
|  | 4% Non-Cumulative Optionally Convertible Series A Preferred Interest (OCPS) | 7% Non-Cumulative Optionally Convertible Series B Preferred Interest (OCPS) |                        |                        |
| <b>Year ended 31st December, 2022</b>    |   |   |                        |                        |
| Balance as at 1st January, 2022          | 100,000,000   | -   | (4,566,061,354)        | (4,466,061,354)        |
| Impact of merger of RMIILLC & REUHLP     | -   | -   | (524,148,448)          | (524,148,448)          |
| Issued during the year                   | -   | 20,000,000  | -                      | 20,000,000             |
| Profit for the year                      | -   | -   | 12,185,519             | 12,185,519             |
| <b>Balance as at 31st December, 2022</b> | <b>100,000,000</b>  | <b>20,000,000</b>   | <b>(5,078,024,283)</b> | <b>(4,958,024,283)</b> |
| <b>Year ended 31st December, 2023</b>    |   |   |                        |                        |
| Balance as at 1st January, 2023          | 100,000,000   | 20,000,000  | (5,078,024,283)        | (4,958,024,283)        |
| Issued during the year                   | -   | 28,000,000  | -                      | 28,000,000             |
| (Loss) for the year                      | -   | -   | (436,542)              | (436,542)              |
| <b>Balance as at 31st December, 2023</b> | <b>100,000,000</b>  | <b>48,000,000</b>   | <b>(5,078,460,825)</b> | <b>(4,930,460,825)</b> |

As per report of our even date

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Partner

Membership No. 102912

Place: Mumbai

Date: April 16, 2024

**Walter Van de Vijver**

Director

Date: April 15, 2024

## RELIANCE MARCELLUS LLC

## Statement of Cash Flows for the year ended 31st December, 2023.

(amounts in US Dollars)

|  | Notes | 2023                | 2022                |
|--|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                    |       |                     |                     |
| (Loss) / Profit before tax as per Statement of Profit and Loss |       | (436,542)           | 12,185,519          |
| Adjustments for:   |       |                     |                     |
| Finance costs recognised in profit or loss                     | 16    | 4,169,088           | 2,053,416           |
| Deposits written off   |       | -                   | 3,275               |
| Dividend income recognised in profit or loss                   | 14    | (461,793)           | (70,346)            |
| Provisions no longer required written back (net)               | 14    | -                   | (835,922)           |
| Amortisation expense   | 17    | -                   | 101,295             |
| Return of Capital (net)  | 14    | (40,955)            | -                   |
|  |       | <u>3,666,340</u>    | <u>1,251,718</u>    |
| <b>Operating Profit before working capital changes</b>         |       | <b>3,229,798</b>    | <b>13,437,237</b>   |
| Movements in working capital:                                  |       |                     |                     |
| Decrease / (Increase) in trade and other receivables           | 6     | 4,956,471           | (9,865,347)         |
| (Decrease) in trade payables and provisions                    | 11,12 | (142,509)           | (2,765,275)         |
|  |       | <u>4,813,962</u>    | <u>(12,630,622)</u> |
| <b>Cash generated from operating activities</b>                |       | <b>8,043,760</b>    | <b>806,615</b>      |
| Income taxes paid (net)  |       | -                   | -                   |
| <b>Net cash generated from operating activities</b>            |       | <b>8,043,760</b>    | <b>806,615</b>      |
| <b>Cash flows from investing activities</b>                    |       |                     |                     |
| Investment in subsidiaries                                     | 4     | (31,333,333)        | (16,666,667)        |
| Dividend Income  | 14    | 461,793             | 70,346              |
| Return of Capital (net)  | 14    | 40,955              | -                   |
| Receipt from finance lease                                     | -     | -                   | 58,138              |
| <b>Net cash (used in) investing activities</b>                 |       | <b>(30,830,585)</b> | <b>(16,538,183)</b> |
| <b>Cash flows from financing activities</b>                    |       |                     |                     |
| Proceeds from issuance of preferred membership interest        | 8     | 28,000,000          | 20,000,000          |
| Repayment of term borrowings                                   | 9,10  | (5,000,000)         | (10,000,000)        |
| Repayment of lease liabilities                                 | -     | -                   | (167,725)           |
| Finance costs  | 16    | (4,169,088)         | (2,053,416)         |
| <b>Net cash generated from financing activities</b>            |       | <b>18,830,912</b>   | <b>7,778,859</b>    |
| <b>Net (decrease) in cash and cash equivalents</b>             |       | <b>(3,955,913)</b>  | <b>(7,952,709)</b>  |
| Cash and cash equivalents at the beginning of the year         | 5     | 8,398,821           | 16,351,530          |
| <b>Cash and cash equivalents at the end of the year</b>        | 5     | <b>4,442,908</b>    | <b>8,398,821</b>    |

## Note:

During the year, the Company has made a investment of USD 16,666,667 in Thrive Capital Holdings LP on behalf of a subsidiary (Reliance Finance and Investments USA LLC). This has been treated as investment by the Company, in the said subsidiary.

| Changes in liabilities arising from financing activities | 1-Jan-23          | Cash flow          | Non-Cash Movement | 31-Dec-23         |
|--|-------------------|--------------------|-------------------|-------------------|
| Borrowings (Refer note 9,10)                             | 70,450,000        | (5,450,000)        | -                 | 65,000,000        |
|  | <b>70,450,000</b> | <b>(5,450,000)</b> | -                 | <b>65,000,000</b> |

| Changes in liabilities arising from financing activities | 1-Jan-22          | Cash flow          | Non-Cash Movement | 31-Dec-22         |
|--|-------------------|--------------------|-------------------|-------------------|
| Borrowings (Refer note 9,10)                             | 80,000,000        | (9,550,000)        | -                 | 70,450,000        |
|  | <b>80,000,000</b> | <b>(9,550,000)</b> | -                 | <b>70,450,000</b> |

Corporate information and material accounting policies and notes to the financial statements

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As per report of our even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the board

**Abhijit A. Damle**  
Partner  
Membership No. 102912  
Place: Mumbai  
Date: April 16, 2024

**Walter Van de Vijver**  
Director

Date: April 15, 2024

## RELiance MARCELLUS LLC

## Notes to the financial statements for the year ended 31st December, 2023.

## 1. GENERAL INFORMATION

A. Reliance Marcellus LLC (the Company) was incorporated as a limited liability company on 30th March, 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at 1675 S. State Street, Suite B, Dover, Delaware 19901, United States of America, and now address is 108 Lakeland Avenue, Dover Delaware 19901. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses.

## B. Reorganisation and Merger:

I Upto 20th August, 2020, the Company was a wholly owned subsidiary of Reliance Holding USA, Inc. (the "Erstwhile Holding Company" or "RHUSA") and an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed Company (the "Ultimate Holding Company" or "RIL").

Pursuant to a Composite Scheme of Amalgamation and Plan of Merger ('Scheme') amongst RHUSA, Reliance Energy Generation & Distribution Limited ("REGDL") and RIL, effective 21st August, 2020, RHUSA stands merged with REGDL & subsequently REGDL stands merged with RIL. As a result, the Company is now a direct subsidiary of RIL.

II Prior to the aforesaid, an Agreement and Plan of Reorganization ('Plan') was entered into on 14th February, 2020 between RHUSA, REGDL and the Company, such that the merger and the Plan qualify as a reorganization as contemplated thereunder, under the provisions of Internal Revenue Code ('Code') in the USA and the US treasury regulations.

On 20th July 2020, pursuant to a contribution agreement, Reliance Eagleford Upstream LLC ("REULLC"), a fellow subsidiary, contributed and assigned all its rights, title and interests in and to Reliance Eagleford Upstream Holding LP (the "Partnership", "LP"), a Texas limited liability partnership, to the Company. As a result of this contribution, REULLC acquired 23.42% of common members' interest in the Company. Summary of assets contributed / assigned by REULLC to the Company are as under:

| Sr. | Description  | Book Value (USD)     |
|-----|--|----------------------|
| i.  | Investment in Reliance Eagleford Upstream Holding LP | 1,029,538,872        |
| ii. | Bank balance   | 10,481               |
|     | <b>Total liabilities</b>                             | <b>1,029,549,353</b> |

Pursuant to the aforesaid Plan, RHUSA also contributed / assigned certain assets and liabilities to the Company by entering into various agreements on different dates and were accounted in the books of the Company. Summary of assets and liabilities contributed / assigned by RHUSA to the Company are as under:

| Description   | Book Value (USD)     |
|---|----------------------|
| Investments in Affinity Names Inc., RIL USA Inc. and Reliance Eagleford Upstream GP LLC.  | 3,279,129            |
| Investments in Ecorithm Inc. and TerraPower LLC.  | 15,408,421           |
| Employee loans pursuant to transfer of employees from RHUSA.  | 4,800                |
| Security deposits, net investment in sublease of right to use asset, Right of use asset (net of amortization) and Lease liabilities (net) | (26,018)             |
| Property, plant and equipment (net of accumulated depreciation/ amortization)   | 237,383              |
| Bank balances and other receivables   | 2,160,090            |
| Commodity derivative assets and other receivables   | 1,897,846            |
| Current borrowings and interest accrued but not due on borrowings   | (634,646,186)        |
| Trade payables  | (607,709)            |
| Bank balance  | 3,985,615            |
| <b>Total liabilities</b>  | <b>(608,306,629)</b> |

III Pursuant to the aforesaid reorganization, the extent of Company's shareholding in and the principal business activities of the subsidiaries are as follows:

| Company/Entity  | % of Holding | Note Ref. | Principal Business Activity                                 |
|---|--------------|-----------|---|
| RIL USA Inc.  | 100%         | 1.B.II    | Commercialization of gasoline and blended gasoline products |
| Reliance Digital Health USA Inc. (earlier known as Affinity Names Inc.) | 100%         | 1.B.II    | Digital Healthcare Services                                 |
| Reliance TerraTech Holdings LLC   | 100%         | 1.B.II    | Exploration and production of oil and gas                   |
| Reliance Eagleford Upstream Holding LP                                  | 100%         | 1.B.II    | Exploration and production of oil and gas                   |

C. On 9th April, 2010, the Company executed definitive agreements to enter into a joint venture with Atlas Energy, Inc. (Atlas) under which the Company acquired a 40% interest in Atlas' core Marcellus Shale acreage position for \$339 million in cash and an additional \$1.36 billion in capital costs under a carry arrangement for 75% of Atlas' capital costs over an anticipated seven-and-one-half-year development program. In addition, the Company will have to fund its share of the development plan. The Company became a partner in approximately 329,256 net acres of undeveloped leasehold in the core area of the Marcellus Shale in southwestern Pennsylvania. Atlas was acquired by Chevron Corporation on 17 February, 2011. Chevron is the operator, with 60% interest in the joint venture. As on 31 December, 2016, the Company fully met its \$ 1.36 billion drill carry. In 2015, the Company executed definitive agreements to enter into an Acreage Exchange Agreement dated 12th August, 2015 and a Joint Development Agreement dated 19th November, 2015 (the "JDA") with Chevron Appalachia, LLC ("Chevron") and EQT Production Company ("EQT"). The Company's acquisition of 40% interest was relative to acreage that will be developed under the Chevron JV and was utilised to ensure equitable contribution of Net Acres. The Company retained a 17.6% interest in its contributed property and acquired a 17.6% interest in a portion of the EQT contributed property and 40% interest in the remainder of EQT contributed property.

Effective 1st December, 2020, Chevron sold its entire working interest in the JDA to EQT. Vide a communication dated 27 October 2020, Chevron notified the Company that, it has received a written offer from EQT for transfer of its entire right, title and interest in its 60% Participating Interest share in the JDA. Accordingly, it had proposed the Company to tag-along with it for its 40% Participating Interest share in the JDA along with Chevron, which the Company did not accept as a result of which Chevron sold its Participating Interest and conceded the operatorship to the buyer.

## RELiance MARCELLUS LLC

## Notes to the financial statements for the year ended 31st December, 2023.

- D. The Company signed a definitive purchase and sale agreement (PSA) with Nothern Oil & Gas Inc. ("NOG") on February 3rd, 2021 for sale of its entire working interest in the marcellus shale assets, effective July 01st, 2020, for an initial total consideration of \$267,600,000, of which \$250,000,000 is receivable in Cash and the balance \$17,600,000 in the form of 3,250,000 warrants of NOG. This initial consideration is adjustable for revenue and expenditure post effective date and subject to certain customary adjustments and closing terms and conditions. The transaction was subject to certain preferential rights by EQT Production Company ("EQT") for part of the asset, and such right was exercised by EQT at substantially the same terms and condition as NOG. Pursuant to the PSA, during signing and closing; key decisions related to the asset were subject to consent of NOG and as such, the Company effectively relinquished control over the marcellus shale assets effective from 3rd February, 2021. Further all the preconditions attached to the PSA were satisfied by both the parties and closing happened on 1st April, 2021 with an adjusted preliminary settlement consideration of \$254,563,175 including warrants. The final settlement pursuant to the PSA happened on 16th September, 2021 with an adjusted final consideration of \$241,612,547.
- E. With effect From 30.03.2023 and 15.08.2023, Reliance Marcellus II LLC and Reliance Eagleford Upstream Holding LP (respectively) merged with the Company. These being entities under common control stipulations of Ind AS 103 - Appendix C have been applied for the purpose of accounting for the mergers. Accordingly the balances of the combining entities as at 01.01.2022 have been merged with the company at the respectively carrying values as appearing in the book of the combining entities.

**2.1 STATEMENT OF COMPLIANCE**

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

**2.2 BASIS OF PREPARATION AND PRESENTATION**

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been applied consistently over all 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 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;
- iii. Level 3 inputs are unobservable inputs for the asset or liability.

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES****A. 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.

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.

**B. 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.

**C. 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.

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.

## RELIANCE MARCELLUS LLC

## Notes to the financial statements for the year ended 31st December, 2023.

**D. 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 incentives.

**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.

**E. Taxation:**

The Company files federal & state tax returns on consolidated basis. As such, the Company on standalone basis is not a tax paying entity and accordingly, it does not recognise any expense for such taxes. The income tax liability resulting from the activities of the Company and its subsidiaries shall be computed at the time of filing consolidated tax return.

**F. 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. Revenue from the production of oil and gas in which the Company has an interest with other producers is recognised based on the Company's working interest (the entitlement method).

**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.

Revenue is recognised net of royalties.

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.

**G. Investment in Subsidiaries / Partnership:**

The Company has elected to recognize its investments in subsidiary and partnership 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 (H).

**H. 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.

**I. Financial Instruments:****I. Financial Assets.****a. Initial recognition and measurement**

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

**b. Subsequent measurement****Financial assets carried at amortised cost (AC)**

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

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

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

**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

## RELiance MARCELLUS LLC

## Notes to the financial statements for the year ended 31st December, 2023.

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 Statement of Profit and 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

## 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 UNCERTAINTY:

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

### (b) 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 31st December, 2023  
 (amounts in US Dollars)

3 RIGHT-OF-USE ASSETS

| Description         | Gross Block             |           |            |                           | Amortisation            |              |            |                           | Net Block                 |  |
|---------------------|-------------------------|-----------|------------|---------------------------|-------------------------|--------------|------------|---------------------------|---------------------------|--|
|                     | As at 1st January, 2023 | Additions | Deductions | As at 31st December, 2023 | As at 1st January, 2023 | For the year | Deductions | As at 31st December, 2023 | As at 31st December, 2023 |  |
| Right-of-use assets | -                       | -         | -          | -                         | -                       | -            | -          | -                         | -                         |  |
| <b>Total</b>        | -                       | -         | -          | -                         | -                       | -            | -          | -                         | -                         |  |

| Description         | Gross Block             |           |                 |                           | Amortisation            |                 |                 |                           | Net Block                 |  |
|---------------------|-------------------------|-----------|-----------------|---------------------------|-------------------------|-----------------|-----------------|---------------------------|---------------------------|--|
|                     | As at 1st January, 2022 | Additions | Deductions      | As at 31st December, 2022 | As at 1st January, 2022 | For the year    | Deductions      | As at 31st December, 2022 | As at 31st December, 2022 |  |
| Right-of-use assets | 4,07,007                | -         | 4,07,007        | -                         | 3,05,712                | 1,01,295        | 4,07,007        | -                         | -                         |  |
| <b>Total</b>        | <b>4,07,007</b>         | -         | <b>4,07,007</b> | -                         | <b>3,05,712</b>         | <b>1,01,295</b> | <b>4,07,007</b> | -                         | -                         |  |

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

#### 4 NON-CURRENT INVESTMENTS

##### (A) Investment in Subsidiaries / Partnership

###### Equity Shares / Common Stock / Member's Contribution / Partner's Contribution

| Particulars  | As at<br>31st December, 2023 |                          | As at<br>31st December, 2022 |                          |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
|  | Qty.                         | Amount                   | Qty.                         | Amount                   |
| RIL USA Inc.   | 300                          | 3,000,000                | 300                          | 3,000,000                |
| Reliance Digital Health USA Inc. (Refer note 4.1)                                      | 1,000                        | 640,224                  | 1,000                        | 640,224                  |
| Less: Provision for impairment (Refer note 19)   |                              | (20,949)                 |                              | (20,949)                 |
|  |                              | <u>619,275</u>           |                              | <u>619,275</u>           |
| Reliance TerraTech Holdings LLC (formerly known as Reliance Eagleford Upstream GP LLC) | -                            | 297,065                  | -                            | 339,465                  |
| Less: Provision for impairment (Refer note 19)   |                              | (287,619)                |                              | (330,019)                |
|  |                              | <u>9,446</u>             |                              | <u>9,446</u>             |
| Reliance Finance and Investments USA LLC   |                              | 16,666,667               |                              | 16,666,667               |
| Additional investment during the year  |                              | 31,333,333               |                              | -                        |
|  |                              | <u>48,000,000</u>        |                              | <u>16,666,667</u>        |
| <b>Total investment in Subsidiaries / Partnership</b>                                  |                              | <b><u>51,628,721</u></b> |                              | <b><u>20,295,388</u></b> |

##### (B) Investment in others (unquoted)

| Particulars                                      | As at<br>31st December, 2023 |                          | As at<br>31st December, 2022 |                          |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
|  | Qty.                         | Amount                   | Qty.                         | Amount                   |
| Common units of Terra Power LLC (Refer note 4.2) | 445,479.9                    | 15,408,421               | 445,479.9                    | 15,408,421               |
| Less: Provision for impairment                   |                              | (15,408,421)             |                              | (15,408,421)             |
|  |                              | <u>-</u>                 |                              | <u>-</u>                 |
| <b>Total investment in others</b>                |                              | <b><u>-</u></b>          |                              | <b><u>-</u></b>          |
| <b>Total non-current investments</b>             |                              | <b><u>51,628,721</u></b> |                              | <b><u>20,295,388</u></b> |

4.1 Investment in Reliance Digital Health USA Inc. includes additional paid in capital of USD 609,275 (Previous year USD 609,275) as at Balance Sheet date.

4.2 In April 2022, Terra Power LLC effected a 10 for 1 reverse split of its authorized and outstanding Units, such that as of the effective date of the reverse split, every ten outstanding Units are automatically combined in one outstanding Unit.

#### 5 CASH AND CASH EQUIVALENTS

|                            | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|----------------------------|------------------------------|------------------------------|
| Balance with banks         | 59,315                       | 105,354                      |
| Investments in Liquid fund | 4,383,593                    | 8,293,467                    |
| <b>TOTAL</b>               | <b><u>4,442,908</u></b>      | <b><u>8,398,821</u></b>      |

#### 6 OTHER FINANCIAL ASSETS (CURRENT)

|   | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---|------------------------------|------------------------------|
| Receivable against additional consideration | 5,000,000                    | 10,000,000                   |
| Accrued Dividend                            | 21,289                       | -                            |
| Unbilled Revenue (Refer note 25)            | 22,240                       | -                            |
| <b>TOTAL</b>                                | <b><u>5,043,529</u></b>      | <b><u>10,000,000</u></b>     |

#### 7 MEMBER'S CONTRIBUTION

|                                 | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---------------------------------|------------------------------|------------------------------|
| <b>Contribution by Members</b>  |                              |                              |
| Reliance Industries Limited*    | 3,896,793,429                | 3,896,793,429                |
| Reliance Eagleford Upstream LLC | 1,029,549,353                | 1,029,549,353                |
| <b>TOTAL</b>                    | <b><u>4,926,342,782</u></b>  | <b><u>4,926,342,782</u></b>  |

\*Includes additional of USD 530,114,582 on account of merger of Reliance Marcellus II LLC with the Company

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

Details of Members holding more than 5% common membership interest:

| Name of the Members             | As at 31st December, 2023                             |                | As at 31st December, 2022                             |                |
|---------------------------------|---|----------------|---|----------------|
|                                 | Number of Common Membership Interests (Refer note 25) | % held         | Number of Common Membership Interests (Refer note 25) | % held         |
| Reliance Industries Limited     | 3,367   | 76.58%         | 3,367   | 76.58%         |
| Reliance Eagleford Upstream LLC | 1,030   | 23.42%         | 1,030   | 23.42%         |
|                                 | <b>4,397</b>  | <b>100.00%</b> | <b>4,397</b>  | <b>100.00%</b> |

8 OTHER EQUITY

|   | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---|------------------------------|------------------------------|
| <b>Instruments Classified as Equity</b>   |                              |                              |
| 4% Non-Cumulative Optionally Convertible Series A Preferred Membership Interest of USD 1 million each. (Refer note 8.1 below) |                              |                              |
| Opening balance   | 100,000,000                  | 100,000,000                  |
| <b>Instruments Classified as Equity</b>   |                              |                              |
| 7% Non-Cumulative Optionally Convertible Series B Preferred Membership Interest of USD 1 million each. (Refer note 8.2 below) |                              |                              |
| Opening Balance   | 20,000,000                   | -                            |
| Additions during the year   | 28,000,000                   | 20,000,000                   |
| <b>Retained earnings</b>  |                              |                              |
| Opening Balance   | (5,078,024,283)              | (4,566,061,354)              |
| Impact of merger of RMI LLC and REUHLP  | -                            | (524,148,448)                |
| Profit for the year   | (436,542)                    | 12,185,519                   |
| <b>TOTAL</b>  | <b>(4,930,460,825)</b>       | <b>(4,958,024,283)</b>       |

- 8.1 During 2020, Reliance Marcellus LLC ("the Company") amended its LLC agreement to issue Preferred Membership Interests of \$1,000,000 each. The Company issued 100 4% Non-Cumulative Optionally Convertible Series A Preferred Membership Interest at par value of \$1,000,000 each to RIL in accordance with 3rd Amended and Restated LLC Agreement dated 31 December 2020.
- 8.2 During 2022, the Company issued 20 7% Non-Cumulative Optionally Convertible Series B Preferred Membership Interest at par value of \$1,000,000 each to RIL in accordance with 3rd Amended and Restated LLC Agreement dated 22nd December 2022 and in 2023, 18th October, the Company issued 28 7% Non-Cumulative Optionally Convertible Series B Preferred Membership Interest at par value of \$1,000,000 each to RIL.
- 8.3 *Dividend on Preferred Membership Interests:*  
The Preferred Membership Interest holder under Series A shall have preferential rights to receive dividends out of distributable profits in any calendar year. Such dividends shall be at least 4% of the original issue price, payable only when, and if declared by the board and shall be noncumulative.  
The Preferred Membership Interest holder under Series B 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 and shall be noncumulative.
- 8.4 *Terms of conversion/redemption of Preferred Membership Interest:*  
Each Series A and Series B Preferred Membership Interest shall be convertible, at the option of the Company (to be exercised in the Company's sole and absolute discretion), at any time and from time to time, automatically and without the payment of additional consideration by the Company to the holder thereof, into 1 Common Interests.  
The holders of Series A and Series B Preferred Membership Interests shall not have any right to convert such Series A and Series B Preferred Membership Interests into Common Interests or any other form of Membership Interest.  
Series A and Series B Preferred Membership Interests shall be redeemable at the option of the Company, at any time on or before 31st December 2025. The price per Series A Preferred Membership Interest at which redemptions shall occur, shall be equal to the Series A and Series B Original Issue Price.
- 8.5 *Voting rights:*  
Each holder of Preferred Membership Interests shall be entitled to cast the number of votes equal to the number of Common Interest into which such Preferred Membership Interests are convertible at the then applicable conversion price.
- 8.6 The Preferred Membership Interests are not registered under any security laws and Company does not have any present plan to do the same.

9 BORROWINGS (NON- CURRENT)

|                                       | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---------------------------------------|------------------------------|------------------------------|
| <b>Unsecured</b>                      |                              |                              |
| Term loan from bank (Refer note 10.1) | -                            | 70,000,000                   |
|                                       | <b>-</b>                     | <b>70,000,000</b>            |

10 BORROWINGS (CURRENT)

|                                       | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---------------------------------------|------------------------------|------------------------------|
| <b>Unsecured</b>                      |                              |                              |
| Term loan from bank (Refer note 10.1) | 65,000,000                   | -                            |
| <b>TOTAL</b>                          | <b>65,000,000</b>            | <b>-</b>                     |

- 10.1 As at 31st December, 2023, the Company had outstanding unsecured term facility from a bank with aggregate borrowing of USD 65 million. The effective interest rates during the period varied between 5.52% and 6.56%. This facility has been extended beyond 12 months period and the maturity of the facility is 31st May 2024, Accordingly it has been presented as current borrowings.
- 10.2 The Company has satisfied all the Covenants prescribed in the terms of Borrowings.

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

## 11 TRADE PAYABLES

|                | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|----------------|------------------------------|------------------------------|
| Trade Payables | 197,690                      | 354,232                      |
| <b>TOTAL</b>   | <b>197,690</b>               | <b>354,232</b>               |

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

## Trade Payable ageing schedule

| Particulars                 | As at 31st December, 2023 |               |  |           |           |                 | Total          |
|-----------------------------|---------------------------|---------------|--|-----------|-----------|-----------------|----------------|
|                             | Unbilled                  | Not Due       | Outstanding for following periods from due date of payment |           |           |                 |                |
|                             |                           |               | less than 1 yr   | 1-2 years | 2-3 years | more than 3 yrs |                |
| (i) Trade payable - others  | 183,000                   | 14,690        | -  | -         | -         | -               | 197,690        |
| (ii) Disputed dues - Others | -                         | -             | -  | -         | -         | -               | -              |
| <b>Total</b>                | <b>183,000</b>            | <b>14,690</b> | -  | -         | -         | -               | <b>197,690</b> |

| Particulars                 | As at 31st December, 2022 |               |  |           |           |                 | Total          |
|-----------------------------|---------------------------|---------------|--|-----------|-----------|-----------------|----------------|
|                             | Unbilled                  | Not Due       | Outstanding for following periods from due date of payment |           |           |                 |                |
|                             |                           |               | less than 1 yr   | 1-2 years | 2-3 years | more than 3 yrs |                |
| (i) Trade payable - others  | 254,615                   | 99,617        | -  | -         | -         | -               | 354,232        |
| (ii) Disputed dues - Others | -                         | -             | -  | -         | -         | -               | -              |
| <b>Total</b>                | <b>254,615</b>            | <b>99,617</b> | -  | -         | -         | -               | <b>354,232</b> |

## 12 OTHER FINANCIAL LIABILITIES (CURRENT)

|  | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|--|------------------------------|------------------------------|
| Interest accrued but not due on borrowings | 35,511                       | 21,478                       |
| <b>TOTAL</b>                               | <b>35,511</b>                | <b>21,478</b>                |

## Notes to the financial statements for the year ended 31st December, 2023

(amounts in US Dollars)

|  | <u>2023</u>      | <u>2022</u>       |
|--|------------------|-------------------|
| <b>13 REVENUE FROM OPERATIONS</b>  |                  |                   |
| Sale of products:  |                  |                   |
| Other operating income   | -                | 4,250,000         |
| <b>TOTAL</b>   | <u>-</u>         | <u>4,250,000</u>  |
| <b>14 OTHER INCOME</b>   |                  |                   |
| Return of capital from Reliance TerraTech Holdings LLC (net)                 | 40,955           | -                 |
| Provisions no longer required written back                                   | -                | 835,922           |
| Finance income on sub-lease  | -                | 1,364             |
| Dividend income  | 461,793          | 70,346            |
| Additional Consideration towards ownership interest sold in an earlier year. | 5,000,000        | 10,000,000        |
| Miscellaneous Income   | 256,774          | 796,587           |
| Income from services (Refer note 25)   | 22,240           | -                 |
| <b>TOTAL</b>   | <u>5,781,762</u> | <u>11,704,219</u> |
| <b>15 EMPLOYEE BENEFITS EXPENSE</b>  |                  |                   |
| Salaries and wages (Refer note 25)#  | 401,874          | 639,135           |
| Defined contribution scheme expenses   | 56,171           | 17,390            |
| <b>TOTAL</b>   | <u>458,045</u>   | <u>656,525</u>    |
| # includes allocation of expenses incurred by Holding Company.               |                  |                   |
| <b>16 FINANCE COSTS</b>  |                  |                   |
| Interest on Bank loan  | 4,142,409        | 2,005,030         |
| Interest on lease liabilities  | -                | 3,935             |
| Other borrowing costs  | 26,679           | 44,451            |
| <b>TOTAL</b>   | <u>4,169,088</u> | <u>2,053,416</u>  |
| <b>17 AMORTISATION EXPENSES</b>  |                  |                   |
| Amortisation of right-of-use assets  | -                | 101,295           |
| <b>TOTAL</b>   | <u>-</u>         | <u>101,295</u>    |
| <b>18 OTHER EXPENSES</b>   |                  |                   |
| Legal and professional fees  | 1,324,405        | 586,334           |
| Lease rentals (Refer note 24)  | 6,587            | 46,823            |
| Travelling and conveyance expenses   | 64,909           | 29,469            |
| General expenses   | 52,892           | 144,151           |
| Rates & taxes  | 34,378           | 687               |
| Payment to auditors (net)  | 108,000          | 150,000           |
| <b>TOTAL</b>   | <u>1,591,171</u> | <u>957,464</u>    |
| <b>19 EARNINGS PER SHARE</b>   |                  |                   |

The Company is a limited liability company and accordingly does not have any authorized, issued, subscribed and paid-up share capital. The Company recognizes individual membership interest based on contributions made and accordingly records such contribution through membership interest with par value of USD 1 million each. Hence, the Company does not compute earnings per share, as the membership interest is not backed by any distinct share certificates.

## RELIANCE MARCELLUS LLC

**Notes to the financial statements for the year ended 31st December, 2023**  
*(amounts in US Dollars)*

**20 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 cash and cash equivalents & other receivables.

The following disclosures summarize the Company's exposure to financial risks and information regarding measures employed to manage exposure 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. Company will be able to effectively manage near term obligations through a combination of extension / re-financing of loans or share holder's funds or monetization of assets.

**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 period ended 31st December, 2023 and 2022. Capital comprises of loans and member's contribution. The Company is not exposed to any externally imposed capital requirements.

Gearing ratio:

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

|                                 | <b>As at<br/>31st December, 2023</b> | <b>As at<br/>31st December, 2022</b> |
|---------------------------------|--------------------------------------|--------------------------------------|
| Debt #                          | 65,000,000                           | 70,000,000                           |
| Less: Cash and cash equivalents | 4,442,908                            | 8,398,821                            |
| Net debt                        | 60,557,092                           | 61,601,179                           |
| Total equity                    | (4,118,043)                          | (31,681,501)                         |
| Net debt to equity ratio        | *                                    | *                                    |

# Debt is defined as long term and short term borrowings excluding derivatives, financial guarantee contracts and contingent contracts.

\* Indicates the ratio is not measurable due to negative equity

**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 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.

**Interest rate risk:**

The Company is exposed to interest rate risk because the Company borrow funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate level of capital mix.

**Commodity Price Risk:**

The Company has not dealt with any commodity transaction during the year.

## RELIANCE MARCELLUS LLC

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

## 21 CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

|   | Note | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|---|------|------------------------------|------------------------------|
| <b>Financial assets</b>   |      |                              |                              |
| <b>A. Measured at fair value through profit or loss (FVTPL)</b> |      |                              |                              |
| (i) Investment - others   | 4    | -                            | -                            |
| <b>B. Measured at amortised cost (AC)</b>                       |      |                              |                              |
| (i) Net investment in sublease of right of use asset            |      |                              |                              |
| (a) Current   | 7    | -                            | -                            |
| (ii) Cash and cash equivalents                                  | 5    | 4,442,908                    | 8,398,821                    |
| (iii) Other Finance Asset                                       | 6    | 5,022,240                    | 10,000,000                   |
| (iv) Accrued Interest receivable                                | 6    | 21,289                       | -                            |
| <b>Financial liabilities</b>                                    |      |                              |                              |
| <b>A. Measured at fair value through profit or loss (FVTPL)</b> |      |                              |                              |
| (i) Derivative liabilities                                      | -    | -                            | -                            |
| <b>A. Measured at amortised cost (AC)</b>                       |      |                              |                              |
| (i) Borrowings  |      |                              |                              |
| (a) Non-Current   | 9    | -                            | 70,000,000                   |
| (b) Current   | 10   | 65,000,000                   | -                            |
| (ii) Trade payables   | 11   | 197,690                      | 354,232                      |
| (iii) Lease liabilities   |      |                              |                              |
| (a) Current   | 11   | -                            | -                            |
| (iv) Interest accrued but not due on borrowings                 | 12   | 35,511                       | 21,478                       |

## 22 FAIR VALUE MEASUREMENT

| Financial assets / liabilities recognised at fair value through profit or loss | Fair value as at 31st December, 2023 | 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) #                                  | -                                    | NA  | NA                                      | -   |

| Financial assets / liabilities recognised at fair value through profit or loss | Fair value as at 31st December, 2022 | 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) #                                  | -                                    | NA  | 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.

## 23 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 holding company as evidenced from the fact that RIL has been steadily investing into the Company over the years, and has been providing necessary support to the Company to repay, refinance or extend its external borrowings steadily over the years. The Company will be able to effectively manage near term obligations through a combination of extension / re-financing of loans or share holder's funds. Hence, the accounts are prepared on a going concern basis.

## RELIANCE MARCELLUS LLC

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

## 24 LEASES

## 24.1 Lease liabilities - Maturity analysis (Undiscounted basis)

|   | As at               |                     |
|---|---------------------|---------------------|
|   | 31st December, 2023 | 31st December, 2022 |
| Not later than 1 year                       | -                   | -                   |
| Later than 1 year and not later than 5 year | -                   | -                   |
| Later than 5 year                           | -                   | -                   |
| <b>TOTAL</b>                                | <b>-</b>            | <b>-</b>            |

24.2 An 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       | 2023         | 2022          |
|-------------------|--------------|---------------|
| Fixed payments    | -            | -             |
| Variable payments | 6,587        | 46,823        |
| <b>TOTAL</b>      | <b>6,587</b> | <b>46,823</b> |

Overall the variable payments constitute up to 100% in 2022 of the Company's entire lease payments.

24.3 The Company has lease arrangements of office premises. The lease term is upto 30 June, 2022.

24.4 The total cash outflow for leases amount to USD 6,587 (include short-term and variable lease payment of USD NIL and USD 6,587 respectively).

## RELIANCE MARCELLUS LLC

Notes to the financial statements for the year ended 31st December, 2023  
(amounts in US Dollars)

## 25 RELATED PARTY

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

| Name of the related party  | Relation                         |
|--|----------------------------------|
| Reliance Industries Limited  | Holding Company (Control exists) |
| RIL USA Inc.   | Subsidiary (control exists)      |
| Reliance Finance and Investments USA LLC (from 22nd December, 2022)                      | Subsidiary (control exists)      |
| Reliance Digital Health USA Inc.   | Subsidiary (control exists)      |
| Reliance Terra Tech Holdings LLC (Formerly known as Reliance Eagleford Upstream GP LLC ) | Subsidiary (control exists)      |
| Walter Van de Vijver, CEO  | Key Management Person            |
| Thakur Sharma, Director  | Key Management Person            |

## Related Party Transactions

| Name of the related party   | Balances as at year end | As at<br>31st December, 2023 | As at<br>31st December, 2022 |
|-----------------------------|-------------------------|------------------------------|------------------------------|
| Reliance Industries Limited | Unbilled Revenue        | 22,240                       | -                            |

| Name of the related party                | Nature of transaction                  | 2023       | 2022       |
|--|--|------------|------------|
| Reliance Industries Limited              | Issue of Preferred Membership Interest | 28,000,000 | 20,000,000 |
| Reliance Industries Limited              | Income from services                   | 22,240     | -          |
| Reliance Finance and Investments USA LLC | Investment                             | 31,333,333 | 16,666,667 |
| RIL USA Inc.                             | Rent Recovery                          | 3,547      | 83,397     |
| RIL USA Inc.                             | Recovery of other expenses             | -          | -          |
| RIL USA Inc.                             | Other costs                            | -          | 9,419      |
| RIL USA Inc.                             | Bandwidth charges                      | -          | 17,500     |
| Reliance TerraTech Holdings LLC          | Return of Capital (net)                | 40,955     | -          |
| Key management persons                   | Remuneration and benefits              |            |            |
|  | - Short term benefits                  | 458,045    | 375,096    |

## 26 SEGMENT REPORTING

The Company is in the business of development and production of oil and gas from shale reservoirs in the United States of America. Consequently, there is a single business and geographical segment.

27 The financial statements are approved for issue by Company's Board of Directors on April 15, 2024.

For and on behalf of the Board

Walter Van de Vijver  
Director

Date: April 15, 2024