

RIL USA INC

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

(Amount in USD)

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

(Amount in USD)

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

(Amount in USD)

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

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

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

(Amount in USD)

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

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

RIL USA INC

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

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

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

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

TRADE PAYABLE AGING SCHEDULE

AS AT DECEMBER 31, 2021

Amount in USD

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

AS AT DECEMBER 31, 2020

Amount in USD

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

(Amount in USD)		
15. OTHER FINANCIAL LIABILITIES	As at December 31, 2021	As at December 31, 2020
Interest accrued but not due	14,126	-
Total	14,126	-

RIL USA INC

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

(Amount in USD)

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

(Amount in USD)

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

(Amount in USD)

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

(Amount in USD)

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

(Amount in USD)

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

RIL USA INC

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

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

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

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

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

RIL USA INC

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

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

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

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

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

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

RIL USA INC

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

22. EARNINGS PER SHARE (EPS)

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

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

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

RIL USA INC

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

List of transactions during the year with related parties:

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

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

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

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

RIL USA INC

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

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

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

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

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

1 lot equals to 1,000 barrels.

26. Leases

(Amount in USD)

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

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

(Amount in USD)

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

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

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

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

(Amount in USD)

RIL USA INC

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

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

28. Financial Risk Management Objectives & Policies:

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

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

a) Market Risk:

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

i) Interest rate risk:

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

ii) Commodity Price risk:

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

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

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

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

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

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

RIL USA INC

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

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

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

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

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

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

The Company measures all the financials instruments at amortised cost.

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

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

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP

Chartered Accountants

Abhijit A. Damle

Partner

Membership No. 102912

Thakur Sharma

Director

Walter Van De Vijver

Director

Place: Mumbai

Date : May 05, 2022

Place: Houston

Date : April 27, 2022

Place: Houston

Date : April 27, 2022