RIL USA, INC.

Financial Statements as of and for the year ended December 31, 2017

Independent Auditors' Report

To the Board of Directors

RIL USA Inc.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of RIL USA Inc. ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS 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 accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs of the Company as at December 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W -100018)

Abhijit A. Damle
(Partner)
Membership No. 102912
Mumbai, dated: April 12, 2018

BALANCE SHEET
AS AT DECEMBER 31, 2017

(Amount in USD)

	Notes	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**1**	30,803	42,780
Financial Assets			
Other financial assets	**2**	2,003,780	2,003,780
Deferred Tax Assets (net)	**3**	101,898	170,289
Total Non-Current Assets		**2,136,481**	**2,216,849**
Current Assets			
Inventories	**4**	174,103,088	179,585,230
Financial Assets			
Trade Receivables	**5**	108,502,570	27,042,004
Cash and Cash Equivalents	**6**	127,606	512,023
Other Financial Assets	**7**	4,768,597	10,370,515
Current Tax Assets (net)		313,504	1,048,313
Other Current Assets	**8**	314,969	319,066
Total Current Assets		**288,130,334**	**218,877,151**
Total Assets		**290,266,815**	**221,094,000**
EQUITY AND LIABILITIES			
Equity			
Share Capital	**9**	3,000,000	3,000,000
Other Equity	**10**	76,382,046	55,441,898
Total Equity		**79,382,046**	**58,441,898**
Current Liabilities			
Financial Liabilities			
Borrowings	**11**	53,960,000	60,000,000
Trade Payables	**12**	156,849,960	101,480,828
Other Financial Liabilities	**13**	14,105	14,514
Other Current Liabilities	**14**	789	5,896
Current Tax Liabilities (net)	**15**	59,915	1,150,864
Total Current Liabilities		**210,884,769**	**162,652,102**
Total Equity and Liabilities		**290,266,815**	**221,094,000**
Corporate Information and Significant Accounting Policies			
Notes to the Financial Statements	**1 to 29**		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date: April 12, 2018

Director
Place: Houston
Date: April 11, 2018

Director
Place: Houston
Date: April 11, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

	Notes	2017	2016
INCOME			
Revenue from Operations	**16**		
Sale of Products		1,965,992,947	1,699,590,650
Income from Services		903,050	555,414
Total Income		**1,966,895,997**	**1,700,146,064**
EXPENDITURE			
Cost of Goods Sold	**17**	1,869,686,524	1,583,190,489
Employee Benefits Expense	**18**	3,548,517	3,598,936
Finance Costs	**19**	1,353,421	1,475,307
Depreciation Expense	**1**	14,109	27,872
Other Expenses	**20**	70,463,917	89,111,825
Total Expenses		**1,945,066,488**	**1,677,404,429**
Profit Before Tax		**21,829,509**	**22,741,635**
Tax Expenses:	**21**		
Current Tax		820,970	2,555,014
Deferred Tax		68,391	1,386,625
		889,361	**3,941,639**
Profit for the Year		**20,940,148**	**18,799,996**
Other Comprehensive Income (OCI)		**-**	**-**
Total Comprehensive Income for the year		**20,940,148**	**18,799,996**
Earnings per share of face value of USD 10,000 each	**22**		
Basic (in USD)		**69,800**	**62,667**
Diluted (in USD)		**69,800**	**62,667**
Corporate Information and Significant Accounting Policies			
Notes to the Financial Statements	**1 to 29**		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date: April 12, 2018

Director
Place: Houston
Date: April 11, 2018

Director
Place: Houston
Date: April 11, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

(a) Share Capital (Refer Note 9)

(Amount in USD)

	Balance at the beginning of the reporting year	Changes in equity during the year	Balance at the end of the reporting year
Share capital	3,000,000	-	3,000,000

(b) Other Equity

(Amount in USD)

	Balance at the beginning of the reporting year	Changes in equity during the year	Balance at the end of the reporting year
Additional paid in capital	22,100,000	-	22,100,000
Retained earnings	33,341,898	20,940,148#	54,282,046
Total	**55,441,898**	**20,940,148#**	**76,382,046**

For the year ended December 31, 2016

(a) Share Capital

(Amount in USD)

	Balance at the beginning of the reporting year	Changes in equity during the year	Balance at the end of the reporting year
Share capital	3,000,000	-	3,000,000

(b) Other Equity

(Amount in USD)

	Balance at the beginning of the reporting year	Changes in equity during the year	Balance at the end of the reporting year
Additional paid in capital	22,100,000	-	22,100,000
Retained earnings	14,541,902	18,799,996 #	33,341,898
Total	**36,641,902**	**18,799,996 #**	**55,441,898**

Represents Total comprehensive income for the year

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

			2017		2016
A:	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before Tax as per Statement of Profit and Loss	21,829,509		22,741,635	
	Adjusted for:				
	Property, Plant and Equipment written off	-		185,243	
	Depreciation Expense	14,109		27,872	
	Finance Costs	1,353,421		1,475,307	
	Operating Profit before Working Capital Changes		**23,197,039**		**24,430,057**
	Adjusted for:				
	Trade and Other Receivables	(75,854,551)		15,389,150	
	Inventories	5,482,142		(49,976,936)	
	Trade and Other Payables	55,364,025		(35,722,969)	
			(15,008,384)		(70,310,755)
	Cash generated from/(used in) Operations		**8,188,655**		**(45,880,698)**
	Taxes Paid (Net)		(1,177,110)		(2,555,231)
	Net Cash generated from/(used in) Operating Activities		**7,011,545**		**(48,435,929)**
B:	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment		(2,132)		(3,316)
	Net Cash (used in) Investing Activities		**(2,132)**		**(3,316)**
C:	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Borrowings (repaid)/taken (net)		(6,040,000)		50,000,000
	Interest Paid		(1,353,830)		(1,530,311)
	Net Cash (used in)/ generated from Financing Activities		**(7,393,830)**		**48,469,689**
	Net (decrease) / Increase in Cash and Cash Equivalents		**(384,417)**		**30,444**
	Opening Balance of Cash and Cash Equivalents		**512,023**		**481,579**
	Closing Balance of Cash and Cash Equivalents (Refer Note 6)		**127,606**		**512,023**

As per our report of 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 12, 2018

Director
Place: Houston
Date: April 11, 2018

Director
Place: Houston
Date: April 11, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

A. CORPORATE INFORMATION

RIL USA, Inc. (the Company), a Delaware corporation, was formed on May 16, 2005. The Company was a wholly owned subsidiary of Reliance Global Business, B.V. Netherlands, a Dutch corporation, whose ultimate parent is Reliance Industries Limited, an Indian listed company. The Company became wholly owned subsidiary of Reliance Holding USA, Inc. by way of transfer of entire share capital from Reliance Global Business B.V. through Reliance Industries (Middle East) DMCC, as of March 31, 2016. Reliance Industries Limited, India continues to remain the ultimate parent to the Company.

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

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Statement of compliance

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

B.2 Basis of Preparation and Presentation

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

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

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

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

B.3 Property, plant and equipment:

Leasehold improvements, furniture and fixtures, computers and equipment are initially recognized at cost where it is probable that they will generate future economic benefits. They are subsequently carried at cost less accumulated depreciation and impairment, if any. Depreciation on property, plant and equipment is provided when assets are ready for their intended use, on straight line method (SLM) based on management estimated useful lives which are as under, except that Leasehold improvements are depreciated on SLM over the expected lease term or leasehold improvements' useful life whichever is lower:

Particular	Useful Life
Leasehold improvements	39 years
Furniture and fixtures	7 years
Computers and equipment	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

B.4 Impairment:

Impairment of non-financial assets

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

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

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

B.5 Inventories

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

B.6 Provision, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

B.7 Foreign Currencies

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

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

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

Exchange differences are recognised in profit or loss in which they arise

B.8 Leases

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

B.9 Employee Benefits

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

Defined contribution plans:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

B.10 Borrowing costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

B.11 Income Taxes

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

<u>Current tax:</u>

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

<u>Deferred tax:</u>

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

B.12 Revenue recognition

Revenue is recognized only when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, if any.

a. Sale of Products

Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing effective control over, or managerial involvement with the goods and the amount of revenue can be measured reliably

b. Revenue from services

Revenue from services is recognised when the stage of completion can be measured reliably. Stage of completion is measured by the services performed till balance sheet date as a percentage of total services contracted.

B.13 Financial Instruments

I. Non-derivative financial instruments

i) Financial Assets

a. Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

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

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

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

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

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

c. Impairment of financial assets

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

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

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

b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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

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

ii) Financial liabilities

a. Initial recognition and measurement

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

b. Subsequent measurement:

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

II. Derivative financial instruments and hedge accounting

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

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward commodity contracts ('hedging instruments'), to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Hedging instruments is recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

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

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

III. Derecognition of financial instruments

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

IV. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

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

In the application of the Company's accounting policies which are described in note B, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

ii) Provisions:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

iii) Impairment of non-financial assets:

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

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

iv) Income Taxes:

Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income tax, including amount expected to be paid / recovered or uncertain tax positions. Refer note 21.

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

The Company has not applied the following new and revised Ind AS that have been issued but are not yet effective:

IND AS 115 - Revenue from Contracts with Customers (Effective for accounting periods beginning on or after April 01, 2018)

In April 2017, the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft on Clarifications to Ind AS 115, applicable for accounting periods beginning on or after April 01, 2018. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified that Ind AS 115 will be effective for accounting periods beginning on or after April 01, 2018. Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principles of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognises revenue when (or as) performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more perspective guidance has been added in Ind AS 115 to deal with specific scenarios. Furthermore, extensive disclosure requirements are required by Ind AS 115.

The Company anticipate that the application of Ind AS 115 in the future may have no material impact on the amounts reported and disclosures made in these Ind AS financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. PROPERTY, PLANT AND EQUIPMENT

(Amount in USD)

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 01-01-2017	Additions for the year	Deductions for the year	As at 31-12-2017	As at 01-01-2017	Depreciation for the year	Deductions for the year	As at 31-12-2017	As at 31-12-2017
Leasehold improvements	-	-	-	-	-	-	-	-	-
Furtniture and Fixtures	37,743	-	-	37,743	17,088	6,494	-	23,582	14,161
Computer and Equipments (*)	36,291	2,132	-	38,423	14,166	7,615	-	21,781	16,642
Total	**74,034**	**2,132**	**-**	**76,166**	**31,254**	**14,109**	**-**	**45,363**	**30,803**

(Amount in USD)

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 01-01-2016	Additions for the year	Deductions for the year	As at 31-12-2016	As at 01-01-2016	Depreciation for the year	Deductions for the year	As at 31-12-2016	As at 31-12-2016
Leasehold improvements	168,493	-	168,493	-	4,735	4,749	9,484	-	-
Furtniture and Fixtures	79,949	-	42,206	37,743	18,120	15,922	16,954	17,088	20,655
Computer and Equipments (*)	34,184	3,316	1,209	36,291	7,192	7,201	227	14,166	22,125
Total	**282,626**	**3,316**	**211,908**	**74,034**	**30,047**	**27,872**	**26,665**	**31,254**	**42,780**

(*) Includes Office Equipments

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

		Non-Current	
		As at December 31,2017	As at December 31, 2016
2.	**OTHER FINANCIAL ASSETS:**		
	Security deposit #	2,003,780	2,003,780
	Total	**2,003,780**	**2,003,780**

mainly represents deposit given to the state of New Jersey.

3. DEFERRED TAX ASSETS (NET)

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

(Amount in USD)

	As at December 31,2017	As at December 31, 2016
At the start of the year	170,289	1,556,914
(Charge) to Statement of Profit and Loss (Note 21)	(68,391)	(1,386,625)
At the end of year	**101,898**	**170,289**

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

(Amount in USD)

	At the start of the year January 01, 2017	(Charge) to statement of profit and loss	At the end of year December 31, 2017
Deferred tax (liabilities) / asset in relation to:			
Property, plant and equipment	-	-	-
Provisions	-	-	-
Others	170,289	(68,391)	101,898
	170,289	(68,391)	101,898

(Amount in USD)

	At the start of the year January 01, 2016	(Charge) to statement of profit and loss	At the end of year December 31, 2016
Deferred tax (liabilities) / asset in relation to:			
Property, plant and equipment	(19,896)	19,896	-
Provisions	744,425	(744,425)	-
Others	832,385	(662,096)	170,289
	1,556,914	(1,386,625)	170,289

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
4.	**INVENTORIES**		
	Stock-in-Trade @	111,021,981	76,019,422
	Material in transit	63,081,107	103,565,808
	Total	**174,103,088**	**179,585,230**

@ includes fair value hedge adjustment of unrealised loss/(gain) of USD 3,096,598 (As at December 31, 2016 USD 6,489,907)
The cost of inventories recognized as expense during the year is disclosed in note 17

(Amount in USD)

		As at December 31, 2017	As at December 31, 2016
5.	**TRADE RECEIVABLES**		
	- Unsecured and considered good	108,502,570	27,042,004
	Total	**108,502,570**	**27,042,004**
	- Number of Customers representing over 10% of sale of petroleum products.	1	2
	- Outstanding from the above Customers	94,909,922	18,979,908
	- Number of Customers representing more than 10% of trade receivables	1	1
	- Outstanding from the above Customers	94,909,922	18,979,908

Trade receivables are recorded at the invoiced amount and do not carry interest. Estimated allowances for doubtful debts are measured based on an expected credit loss model codified through a policy for provisioning. There was no allowance for doubtful debts for the year 2017 and 2016.

The average collection period for the Company is less than 13 days (Previous Year: 20 days).

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
6.	**CASH AND CASH EQUIVALENTS**		
	Bank Balances	127,606	512,023
	Total	**127,606**	**512,023**

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

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
7.	**OTHER FINANCIAL ASSETS**		
	Margin money deposit	4,743,597	10,370,515
	Other Receivables	25,000	-
	Total	**4,768,597**	**10,370,515**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
8.	**OTHER CURRENT ASSETS**		
	(Unsecured and Considered Good)		
	Prepaid Expenses	309,969	167,550
	Advance to vendors	5,000	151,096
	Others	-	420
	Total	**314,969**	**319,066**

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
9.	**SHARE CAPITAL**		
	Authorised Share Capital:		
	1,000 Shares of USD 10,000 each	10,000,000	10,000,000
		10,000,000	**10,000,000**
	Issued, Subscribed and Paid up:		
	300 Shares of USD 10,000 each fully paid up	3,000,000	3,000,000
	Total	**3,000,000**	**3,000,000**

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

Name of the Shareholder	As at December 31,2017		As at December 31, 2016	
	No. of Shares	**% held**	**No. of Shares**	**% held**
Reliance Holding USA, Inc.	300	100	300	100

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
10.	**OTHER EQUITY**		
(a)	**Additional Paid-in-Capital**		
	As per last Balance Sheet	22,100,000	22,100,000
(b)	**Retained Earnings**		
	As per last Balance Sheet	33,341,898	14,541,902
	Add: Total Comprehensive Income for the year	20,940,148	18,799,996
		54,282,046	**33,341,898**
	Total	**76,382,046**	**55,441,898**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
11.	**BORROWINGS (UNSECURED)**		
	From banks (lines of credit) (*)	43,960,000	50,000,000
	From a related party (refer note 23)	10,000,000	10,000,000
	Total	**53,960,000**	**60,000,000**

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

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
12.	**TRADE PAYABLES**		
	Trade payables		
	- Trade payables - others	156,660,119	94,561,686
	- Payable to related parties (refer note 23)	189,841	6,919,142
	Total	**156,849,960**	**101,480,828**

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

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
13.	**OTHER FINANCIAL LIABILITIES**		
	Interest accrued but not due		
	to a related party (refer note 23)	-	14,514
	to others	14,105	-
	Total	**14,105**	**14,514**

(Amount in USD)

		As at December 31,2017	As at December 31, 2016
14.	**OTHER CURRENT LIABILITIES**		
	Other payables	789	5,896
	Total	**789**	**5,896**

(Amount in USD)

		Current	
		As at December 31,2017	As at December 31, 2016
15.	**CURRENT TAX LIABILITIES**		
	Provision for Tax (net of advance tax)	59,915	1,150,864
	Total	**59,915**	**1,150,864**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

	2017	2016
16. REVENUE FROM OPERATIONS		
Sale of Products		
- Petroleum Products	1,964,833,520	1,698,148,267
- Others (Benzene and Sulphur Credits)	1,159,427	1,442,383
Income from Services (refer note 23)	903,050	555,414
Total	**1,966,895,997**	**1,700,146,064**

(Amount in USD)

	2017	2016
17. COST OF GOODS SOLD		
Opening stock (Stock-in-Trade)	179,585,230	129,608,294
Add: Purchases of trading goods (refer note 23)	1,856,660,951	1,607,578,063
Less: Closing stock (Stock-in-Trade)	(174,103,088)	(179,585,230)
Hedging Loss/(Gain)	7,543,431	25,589,362
Total	**1,869,686,524**	**1,583,190,489**

(Amount in USD)

	2017	2016
18. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	3,288,376	3,385,419
Contribution to Defined Contribution Plans	239,758	193,775
Staff Welfare Expenses	20,383	19,742
Total	**3,548,517**	**3,598,936**

(Amount in USD)

	2017	2016
19. FINANCE COSTS		
Interest Expenses on:		
- Borrowings (net) (refer note 23)	908,539	438,109
- Delayed Payment Charges (refer note 23)	125,765	717,669
- Others	3,878	57,029
Guarantee Commission (refer note 23)	315,239	262,500
Total	**1,353,421**	**1,475,307**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(Amount in USD)

		2017	2016
20.	**OTHER EXPENSES**		
	Renewable Identification Numbers Expenses	20,801,262	43,593,545
	Freight	8,847,388	10,128,730
	Demurrage (net)	9,699,694	4,646,150
	Inspection Fees	2,889,506	2,573,165
	Lease Rent – Storage (refer note 26)	16,936,068	16,079,481
	Lease Rent – others (refer note 23 and 26)	193,360	208,347
	Port Charges	4,024,510	2,837,796
	Terminal Costs	2,525,495	2,756,588
	Insurance	546,063	446,040
	Brokerage	548,341	745,470
	Professional Fees	704,401	638,828
	Business Promotion Expenses	14,864	41,495
	Customs Duty	291,746	1,668,870
	Rates and Taxes	989,241	1,015,049
	Auditors Remuneration – Audit Fees	55,000	50,000
	Property, Plant and Equiptment written off	-	185,243
	Miscellaneous Expenses	1,396,978	1,497,028
	Total	**70,463,917**	**89,111,825**

(Amount in USD)

	2017	2016
21. TAXATION		
a) Income tax recognised in the Statement of Profit and Loss	889,361	3,941,639
Current tax		
In respect of the current year		
Federal	-	854,803
State	820,970	1,700,211
Total	**820,970**	**2,555,014**
Deferred tax		
In respect of the current year		
Federal	-	1,403,439
State	68,391	(16,814)
Total	**68,391**	**1,386,625**
Total income tax expenses recognised in the Statement of Profit and Loss	**889,361**	**3,941,639**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

(Amount in USD)

	2017	2016
Profit before tax	21,829,509	22,741,635
Federal Income tax calculated at 35%	7,640,328	7,959,572
Expenses for state taxes	820,970	1,700,211
Effect of Income not chargeable to tax (refer note c below)	(6,962,291)	(6,843,408)
Deferred tax effect for the year	68,391	1,386,625
Non-deductible (benefits)	(678,037)	(261,361)
Income tax expenses recognised in Statement of Profit and Loss	**889,361**	**3,941,639**

c) The Company became wholly owned subsidiary of Reliance Holding USA, Inc. by way of transfer of entire share capital from Reliance Global Business B.V. through Reliance Industries (Middle East) DMCC, as of March 31, 2016. Reliance Industries Limited, India continues to remain the ultimate parent to the Company. Consequently, there has been no provision for federal tax post March 31, 2016, since Federal Income tax would be considered at group level of Reliance Holding USA, Inc.

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.

		2017	2016
i)	Net Profit after Tax as per Statement of Profit and Loss attributable to Shareholders (in USD)	20,940,148	18,799,996
ii)	Weighted Average number of Shares outstanding during the year	300	300
iii)	Basic and Diluted Earnings per Share (in USD)	69,800	62,667
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 Global Business B.V	Holding Company (control exists until March 31, 2016)
3	Reliance Holding USA Inc.	Holding Company (control exists from March 31, 2016)
4	Reliance Corporate IT Park Limited	Fellow Subsidiary
5	Reliance Europe Limited	Fellow Subsidiary
6	Reliance Industries (Middle East) DMCC	Fellow Subsidiary
7 8	John Fitzgerald Sanjeev Kedia	Key managerial personnel

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

List of transactions during the year with related parties:

(Amount in USD)

Particulars		Related Parties	2017	2016
1	**Income from services**	Reliance Industries Limited	903,050	555,414
2	**Purchases**	Reliance Industries Limited	199,574,316	558,705,979
3	**Remuneration – short term benefits**	Key Managerial Personnel	996,162	1,023,476
4	**Employee Benefit Expenses –** Staff Welfare Expenses	Reliance Holding USA Inc.	6,121	-
5	**Other Expenses**			
	a) Lease Rent - Others	Reliance Holding USA Inc.	184,480	208,347
	b) Insurance	Reliance Holding USA Inc.	2,330	1,508
	c) Miscellaneous Expenses	Reliance Holding USA Inc.	182,228	102,114
	d) Demurrage/Port Charges	Reliance Industries Limited	-	1,727,641
	e) Professional Fees	Reliance Corporate IT Park Ltd.	30,000	23,566
6	**Finance Costs**			
	a) Delayed Payment Charges	Reliance Industries Limited	125,765	717,669
	b) Guarantee Commission	Reliance Industries Limited	315,239	262,500
	c) Interest on Borrowings	Reliance Europe Limited	236,436	179,164

The company has an arrangement with Reliance Industries (Middle East) DMCC and a third party customer with the purpose of securing the collection of its receivables from the customer. Accordingly, the company collects its receivables from Reliance Industries (Middle East) DMCC on behalf of its third party customer.

(Amount in USD)

	Balances as at the end of the year		**As at December 31, 2017**	**As at December 31, 2016**
1	**Trade Receivables**	Reliance Industries Limited	166,372	74,488
2	**Borrowings**	Reliance Europe Limited	10,000,000	10,000,000
3	**Trade Payables**	Reliance Industries Limited	-	6,669,573
		Reliance Holding USA Inc.	16,000	16,000
		Reliance Corporate IT Park Limited	30,000	58,569
		Key Managerial Personnel	143,841	175,000
4	**Other financial liabilities**			
	a) Interest accrued but not due on delayed payment charges	Reliance Industries Limited	-	14,514
5	**Financial Guarantees given by**	Reliance Industries Limited	87,500,000	91,500,000

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017	As at December 31, 2016
Particulars	**In lots (#)**	**In lots (#)**
Futures	**1,082**	**2,041**

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

1 lot equals to 1,000 barrels.

(Amount in USD)

	As at December 31, 2017	As at December 31, 2016
26. LEASES		
Lease payment due:		
Within one year	15,527,893	16,929,033
Later than one year and not later than five years	895,702	15,228,333
Later than five years	-	-
Total	**16,423,595**	**32,157,366**

The Company has entered into operating lease arrangements for certain storage facilities. The lease is non-cancellable for a period upto 2 years.

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

	2017	2016
Lease rent - Storage	16,936,068	16,079,481
Lease rent - Others	193,360	208,347
Total	**17,129,428**	**16,287,828**

27. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES:

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

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

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk, 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. Since the Company has insignificant interest bearing borrowings, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

b) Concentration of Credit Risk

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

The Company sells on a secured basis to most customers, except those that the Company believes are high credit quality customers, which typically are large international oil companies, major financial institutions, and certain government-owned oil companies.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required. All non-derivative financial liabilities as disclosed in notes 11, 12, and 13 of the financials are due within 1 year as of the reporting date to the contractual maturity date.

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, 2017 and 2016. Capital comprises equity contributed and additional paid in capital.

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

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

(Amount in USD)

	As at December 31, 2017	**As at December 31, 2016**
Debt (Refer note 11)	53,960,000	60,000,000
Cash and Cash Equivalent (Refer note 6)	127,606	512,023
Net debt	53,832,394	59,487,977
Total equity (Refer note 9 and 10)	79,382,046	58,441,898
Net debt to equity ratio	68%	102%

28. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS & FAIR VALUE MEASUREMENTS:

The Company measures all the financials instruments at amortised cost.

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

29. The financial statements are approved for issue by the Board of Directors at their meeting conducted on April 11, 2018.

As per our report of 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 12, 2018

Director
Place: Houston
Date: April 11, 2018

Director
Place: Houston
Date: April 11, 2018