

Ethane Pearl LLC

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ETHANE PEARL LLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of **ETHANE PEARL LLC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act").
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit.
5. We conducted our audit of the financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

9. 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.
10. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
11. In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

Other Matters

12. This report is issued for the information and use of the board of directors of the Company and of Reliance Industries Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

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

Abhijit A. Damle
Partner
Membership No. 102912

Mumbai, dated: 18th April, 2016

Balance Sheet as at 31st March, 2016

	Note No.	USD As at 31st March, 2016	USD As at 31st March, 2015
EQUITY AND LIABILITIES			
Members' fund			
Member contributions	2	37 472 500	25 392 500
Reserves and surplus	3	(6 569)	(4 356)
Total		<u>37 465 931</u>	<u>25 388 144</u>
Current liabilities			
Trade payables			
Micro, Small and Medium Enterprises		-	-
Others		4 023	3 663
Other current liabilities	4	133 984	40 152
Total		<u>138 007</u>	<u>43 815</u>
		37 603 938	25 431 959
ASSETS			
Non-current Assets			
Capital work-in-progress (Tangible)		36 046 776	765 260
Long-term loans and advances	5	-	23 160 000
Total		<u>36 046 776</u>	<u>23 925 260</u>
Current assets			
Cash and cash equivalents	6	122 805	875 604
Short-term loans and advances	7	1 434 357	631 095
Total		<u>1 557 162</u>	<u>1 506 699</u>
		37 603 938	25 431 959
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 16		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: April 18, 2016

For and on Behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: April 15, 2016

Statement of Profit and Loss for the year ended 31st March, 2016

	Note No.	USD 2015-16	USD 2014-15
INCOME			
Total Revenue		-	-
EXPENDITURE			
Other Expenses	8	2 213	4 356
Total Expenses		2 213	4 356
Loss for the year / period		(2 213)	(4 356)
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 16		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: April 18, 2016

For and on Behalf of the Board

Dipankar Dhruva Sen
Director

Place: Dubai
Date: April 15, 2016

Cash Flow Statement for the year ended 31st March, 2016

		USD 2015-16	USD 2014-15
A: CASH FLOW FROM OPERATING ACTIVITIES:			
(Loss) for the year/period		(2 213)	(4 356)
Operating (Loss) before working capital changes		<u>(2 213)</u>	<u>(4 356)</u>
Increase in trade payables		360	3 663
Increase in short-term loans & advances		(803 262)	(631 095)
NET CASH (USED IN) OPERATING ACTIVITIES	(A)	<u>(805 115)</u>	<u>(631 788)</u>
B: CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Capital Work in Progress/Capital Advances		(12 027 684)	(23 885 108)
CASH (USED IN) INVESTING ACTIVITIES	(B)	<u>(12 027 684)</u>	<u>(23 885 108)</u>
C: CASH FLOW FROM FINANCING ACTIVITIES:			
Member contributions		12 080 000	25 392 500
CASH GENERATED FROM FINANCING ACTIVITIES	(C)	<u>12 080 000</u>	<u>25 392 500</u>
Net increase in cash and cash equivalents	(A+B+C)	(752 799)	875 604
Opening Balance of Cash and Cash Equivalents		875 604	-
Closing Balance of Cash and Cash Equivalents (Refer Note 6)		122 805	875 604

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: April 18, 2016

For and on Behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: April 15, 2016

Notes to the Financial Statement for the year ended 31st March, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting and Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on the accrual basis of accounting and in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialize. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

c) Fixed Assets

Fixed Assets (Capital work in progress) are recorded at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the asset concerned.

d) Cash Flow Statement

The Cash flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

e) Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and relevant forward exchange contracts are reported using closing rates of exchange. Exchange difference arising thereon and on realization/ payment of foreign exchange are accounted, in the relevant year, as income or expense.

g) Impairment Loss

The Company assess at each reporting date as to whether there is any indication that an asset (tangible and intangible) may be impaired. An asset is treated as impaired, when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in previous accounting period is reversed if there has been a change in the estimate of recoverable amount.

h) Provisions and Contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

i) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Notes to the Financial Statement for the year ended 31st March, 2016

	USD As at 31st March, 2016	USD As at 31st March, 2015
2 Member contributions		
Opening Balance	25 392 500	-
Received during the year/period	12 080 000	25 392 500
Total	37 472 500	25 392 500
2.1 The Company has only one class of ordinary shares having par value of USD 1 per share. The entire contribution is made by Reliance Ethane Holding Pte. Limited - the Holding Company.		
3 Reserves and surplus		
Balance in statement of profit and loss		
Opening Balance	(4 356)	-
(Loss) for the year/period	(2 213)	(4 356)
Total	(6 569)	(4 356)
4 Other current liabilities		
Creditors for capital expenditure	133 984	40 152
Total	133 984	40 152
5 Long-term loans and advances (Unsecured and considered good)		
Capital Advances	-	23 160 000
Total	-	23 160 000
6 Cash and Cash Equivalents		
Balance with bank	122 805	875 604
Total	122 805	875 604
7 Short-term loans and advances (Unsecured and considered good)		
Advances to related parties - (Refer Note 9)	1 434 357	631 095
Total	1 434 357	631 095
	USD	USD
	2015-16	2014-15
8 Other Expenses		
Professional fees	860	3 663
General expenses	1 352	693
Total	2 213	4 356

Notes to the Financial Statement for the year ended 31st March, 2016

9 Related Party Disclosures:

i) List of Related Parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the Related Party	Relationship
Reliance Industries Limited	Ultimate Holding Company (control exists)
Reliance Ethane Holding Pte. Limited	Holding Company (control exists)
Ethane Crystal LLC	Fellow subsidiary
Ethane Emerald LLC	Fellow subsidiary
Ethane Opal LLC	Fellow subsidiary
Ethane Sapphire LLC	Fellow subsidiary
Ethane Topaz LLC	Fellow subsidiary
Reliance Global Energy Services (Singapore) Pte. Ltd.	Fellow subsidiary
Reliance Industries (Middle East) DMCC	Fellow subsidiary

ii) Transactions during the year with related parties:

Name of the Related Party and nature of transactions	Relationship	USD 2015-16	USD 2014-15
<u>Reliance Ethane Holding Pte. Limited</u>	Holding Company (control exists)		
Member contributions received		12 080 000	25 392 500
Reimbursement of professional fees		360	3 163
Balance payable as at the year end		3 523	3 163
<u>Ethane Crystal LLC</u>	Fellow subsidiary		
Recovery of capital expenses		540 653	126 219
Balance receivable as at the year end		216 871	126 219
<u>Ethane Emerald LLC</u>	Fellow subsidiary		
Recovery of capital expenses		540 653	126 219
Balance receivable as at the year end		216 871	126 219
<u>Ethane Opal LLC</u>	Fellow subsidiary		
Recovery of capital expenses		540 653	126 219
Balance receivable as at the year end		166 872	126 219
<u>Ethane Sapphire LLC</u>	Fellow subsidiary		
Recovery of capital expenses		540 653	126 219
Balance receivable as at the year end		166 872	126 219
<u>Ethane Topaz LLC</u>	Fellow subsidiary		
Recovery of capital expenses		540 653	126 219
Balance receivable as at the year end		666 872	126 219
<u>Reliance Global Energy Services (Singapore) Pte. Ltd.</u>	Fellow subsidiary		
Capital Expenses		993 916	194 814
Balance payable as at the year end		133 984	40 152
<u>Reliance Industries (Middle East) DMCC</u>	Fellow subsidiary		
Reimbursement of capital advance		-	11 580 000
Reimbursement of capital expenses		-	595 479

iii) There are no provisions for doubtful debts or amount written off or written back during the year/period in respect of debts due from / due to related parties.

		USD 2015-16	USD 2014-15
10 Expenditure in foreign currency:			
Capital expenses		165 653	32 469
11 Foreign currency exposure at the period end not hedged by derivative instruments:			
Type	Currency	Amount in foreign currency	As at 31st March, 2016
			As at 31st March, 2015
Payables	SGD	-	40 152
			As at 31st March, 2016 USD
			As at 31st March, 2015 USD
12	Estimated amounts of contracts remaining to be executed on Capital account and not provided for (net of capital advance)	81 060 000	92 640 000
13	These accounts have been prepared for the limited purpose of its consolidation with Reliance Industries Limited, the ultimate holding company.		
14	The Company does not have any reportable business/geographical segment.		
15	Figures for the previous period have been regrouped wherever necessary to correspond with the figures of the current year.		
16	Figures for the previous period are from 10th September, 2014, being the date of incorporation to 31st March, 2015 and figures for the current year are for 12 months. Hence the same are not comparable.		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: April 18, 2016

For and on Behalf of the Board

Dipankar Dhruva Sen
Director

Place: Dubai
Date: April 15, 2016