RELIANCE EAGLEFORD MIDSTREAM LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2017

Independent Auditor's Report

TO THE DIRECTORS OF RELIANCE EAGLEFORD MIDSTREAM LLC.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Reliance Eagleford Midstream LLC. ("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 Ind AS 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 statement of 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; the 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, of the state of affairs of the Company as at December 31, 2017, and its loss, total comprehensive loss, its cash flows and the statement of changes in equity for the year ended on that date.

Independent Auditor's Report (Continued)

Other Reporting Requirements

We further report that:

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

(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 maintained for the purpose of preparation of the Ind AS financial statements.

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

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated:16th April, 2018

Balance Sheet as at 31 December, 2017

In USD

	Notes	As at 31 December, 2017	As at 31 December, 2016
ASSETS			
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	3	3,443	4,063
(ii) Loans	4	875,556,257	876,334,893
Total Current Assets		**875,559,700**	**876,338,956**
Total Assets		**875,559,700**	**876,338,956**
EQUITY AND LIABILITIES			
Equity			
(a) Member's contribution	5	46,800,000	46,800,000
(b) Share of net income	6	828,759,700	829,538,956
Total Equity		**875,559,700**	**876,338,956**
Total Equity and Liabilities		**875,559,700**	**876,338,956**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018

Statement of Profit and Loss for the year ended 31 December, 2017

In USD

	Notes	2017	2016
INCOME:			
Total income		**-**	**-**
EXPENSES:			
Finance costs	7	620	95,551
Other expenses	8	778,636	8,000
Total expenses		**779,256**	**103,551**
(Loss) for the year		**(779,256)**	**(103,551)**
Other comprehensive income (OCI)		-	-
Total comprehensive (loss) for the year		**(779,256)**	**(103,551)**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018

Statement of changes in equity for the year ended 31 December, 2017

A. MEMBER'S CONTRIBUTION

In USD

Balance at 1 January, 2016	Changes during the year 2016	Balance at 31 December, 2016	Changes during the year 2017	Balance at 31 December, 2017
46,800,000	**-**	**46,800,000**	**-**	**46,800,000**

B. SHARE OF NET INCOME

In USD

Year ended 31 December, 2016	
Balance as at 1 January, 2016	829,642,507
(Loss) for the year	(103,551)
Balance as at 31 December, 2016	**829,538,956**
Year ended 31 December, 2017	
Balance as at 1 January, 2017	829,538,956
(Loss) for the year	(779,256)
Balance as at 31 December, 2017	**828,759,700**

Statement of Cash Flows for the year ended 31 December, 2017

In USD

	Notes	2017	2016
Cash flows from operating activities			
(Loss) as per Statement of Profit and Loss		(779,256)	(103,551)
Adjustments for:			
Finance costs recognised in profit or loss	7	620	95,551
Operating (loss) before working capital changes		(778,636)	(8,000)
Movements in working capital:			
Increase in trade and other payables		-	102,965
Decrease in other receivables	4	778,636	-
Net cash generated from operating activities		**-**	**94,965**
Net cash generated from investing activities		**-**	**-**
Cash flows from financing activities			
Finance costs	7	(620)	(95,551)
Advance to Holding Company	4	-	(75,000)
Net cash (used in) financing activities		**(620)**	**(170,551)**
Net (decrease) in cash and cash equivalents		(620)	(75,586)
Cash and cash equivalents at the beginning of the year	3	4,063	79,649
Cash and cash equivalents at the end of the year	3	**3,443**	**4,063**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

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	Walter Van de Vijver Director
Place: Mumbai Date: 16 April, 2018	Place: Houston Date: 13 April, 2018

Notes to the financial statements for the year ended 31 December, 2017

1. GENERAL INFORMATION

A. Reliance Eagleford Midstream LLC (the "Company") was formed as a limited liability company on 16 June 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, the United States of America. The Company is engaged in the midstream business for oil and gas industries.

The Company is a wholly owned subsidiary of Reliance Holding USA, Inc. (the Holding Company). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, the ultimate parent and an Indian listed company (the "Ultimate Holding Company").

The Company, pursuant to the certificate of merger given by Secretary of State (State of Delaware) has been merged with its Holding Company w. e. f. 19 January, 2018.

B. On 29 June 2010, the Company and Pioneer Natural Resources Midstream Holding LLC executed definitive agreements to form a midstream joint venture, EFS Midstream LLC ("EFS") that serves the gathering needs of the upstream joint venture between Reliance Eagleford Upstream Holding LP, and Pioneer Natural Resources USA Inc. The Company held a 49.90% membership interest in EFS. The balance of the membership interest of the joint venture was held by Pioneer Natural Resources Eagleford Midstream LLC.

On 08 July 2015 and effective 01 July 2015, the Company completed the sale of its entire holding of 49.90% interest in EFS to an affiliate of Enterprise Products Partners L.P. ("Enterprise") for a total consideration of $1,073 million to be received in two tranches. The first tranche of $574 million (gross) was realized on 08 July, 2015 and the second tranche of $499 million (gross) would have been originally due on 01 July, 2016. This receivable was, through a factoring agreement, transferred in full to Credit Agricole Corporate and Investment Bank and cash was realized on 09 October 2015. The obligation under the factoring agreement have been released on original due date of 1 July, 2016.

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF PREPARATION AND PRESENTATION

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

Notes to the financial statements for the year ended 31 December, 2017

B. 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.

lf 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.

C. Taxation:

The Company is not a taxpaying entity for federal or state income tax purposes, and, accordingly, it does not recognize any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Holding Company.

D. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

E. Financial Instruments:

I. Non-derivative financial instruments

i. Financial Assets.

a. Initial recognition and measurement

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

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

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

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

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

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

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

c. Equity instruments

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

Notes to the financial statements for the year ended 31 December, 2017

d. Impairment of financial assets

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

(a) Financial assets at amortised cost

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

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

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

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

ii. Financial liabilities

a. Initial recognition and measurement

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

II. De-recognition of financial instruments

The Company derecognises 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 consolidated 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.

III. Fair value of financial instruments

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

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to the financial statements for the year ended 31 December, 2017

3 CASH AND CASH EQUIVALENTS

In USD

	As at 31 December, 2017	As at 31 December, 2016
Balance with banks	3,443	4,063
TOTAL	**3,443**	**4,063**

4 LOANS (CURRENT)

In USD

	As at 31 December, 2017	As at 31 December, 2016
Receivable from Holding Company (Refer note 11)	875,556,257	876,334,893
TOTAL	**875,556,257**	**876,334,893**

5 MEMBER'S CONTRIBUTION

In USD

	As at 31 December, 2017	As at 31 December, 2016
Contribution by Holding Company	46,800,000	46,800,000
TOTAL	46,800,000	46,800,000

6 SHARE OF NET INCOME

In USD

	As at 31 December, 2017		As at 31 December, 2016	
Opening balance	829,538,956		829,642,507	
(Loss) for the year	(779,256)		(103,551)	
		828,759,700		829,538,956
TOTAL		828,759,700		829,538,956

7 FINANCE COSTS

In USD

	2017	2016
Other borrowing costs	620	95,551
TOTAL	**620**	**95,551**

Notes to the financial statements for the year ended 31 December, 2017

8 OTHER EXPENSES

In USD

	2017	2016
Legal and professional fees #	326,691	8,000
Rates & taxes #	451,945	-
TOTAL	**778,636**	**8,000**

recharge from holding company.

9 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial assets comprise mainly of cash and cash equivalents and loans.

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 Holding 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.

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 years ended 31 December 2017 and 2016. The Company is not exposed to any externally imposed capital requirements.

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 manages the risk by dealing with related parties.

10 CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31 December, 2017	As at 31 December, 2016
Financial assets			
Measured at amortised cost (AC)			
(i) Cash and cash equivalents	3	3,443	4,063
(ii) Receivable from Holding Company	4	875,556,257	876,334,893

11 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 Holding USA Inc.	Holding Company (Control exists)
Reliance Industries Limited	Ultimate Holding Company (Control exists)

Notes to the financial statements for the year ended 31 December, 2017

Related Party Transactions

in USD

Name of the related party	**Balances as at year end**	**As at 31 December, 2017**	**As at 31 December, 2016**
Reliance Holding USA Inc.	Advance receivable	875,556,257	876,334,89

Name of the related party	**Nature of transaction**	**2017**	**2016**
Reliance Holding USA Inc.	Other costs	778,636	8,000

12 SEGMENT REPORTING

The Company is engaged in the Midstream business for oil and gas industries in the United States of America. Consequently, there is a single business and geographical segment.

13 The financial statements are approved for issue by the Holding Company's Board of Directors on 13 April, 2018.

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018