

**RELIANCE HOLDING USA INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017**

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF RELIANCE HOLDING USA INC.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Reliance Holding 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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Standalone 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 Standalone 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 Standalone Ind AS financial statements based on our audit.

We conducted our audit of the Standalone 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 Standalone 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 Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone 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 (Contd..)

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 Standalone 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 Standalone 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

	Notes	As at 31 December, 2017	<i>In USD</i> As at 31 December, 2016
ASSETS			
Non-Current Assets			
(a) Property, plant and equipment	3	429,108	508,806
(b) Other intangible assets	3	68,540	321,246
(c) Financial assets			
(i) Investments	4	65,232,573	65,364,570
(ii) Loans	5	2,903,680,649	5,111,299,304
(iii) Other financial assets	6	58,165	36,916
(d) Non current tax assets	7	150,000	150,000
		2,969,619,035	5,177,680,842
Total Non-Current Assets			
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	8	3,912,787	3,708,006
(ii) Other financial assets	9	254,892,067	69,516,397
(b) Other current assets	10	-	139,565
		258,804,854	73,363,968
Total Current Assets			
		3,228,423,889	5,251,044,810
Total Assets			
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	50,000	50,000
(b) Other equity	12	(2,554,912,391)	(1,063,160,386)
		(2,554,862,391)	(1,063,110,386)
Total Equity			
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	13	3,459,716,555	4,508,839,591
		3,459,716,555	4,508,839,591
Total Non-Current Liabilities			
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	346,000,000	40,000,000
(ii) Trade payables	15	5,074,556	6,127,084
(iii) Other financial liabilities	16	1,972,495,169	1,759,188,521
		2,323,569,725	1,805,315,605
Total Current Liabilities			
		3,228,423,889	5,251,044,810
Total Equity and Liabilities			
Corporate information and significant accounting policies and notes to the financial statements	1-31		

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered AccountantsAbhijit A. Damle
Partner
Membership No. 102912Walter Van de Vijver
DirectorThakur Sharma
DirectorPlace: Mumbai
Date: 16 April, 2018Place: Houston
Date: 13 April, 2018New York
13 April, 2018

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

		<i>In USD</i>	
	Notes	2017	2016
INCOME:			
Other Income	17	314,398,559	277,770,352
Total Income		314,398,559	277,770,352
EXPENSES:			
Employee benefits expense	18	6,664,646	7,485,511
Finance costs	19	215,541,832	210,599,406
Depreciation and amortisation expense	20	332,404	611,465
Other expenses	21	2,183,611,682	953,189,531
Total expenses		2,406,150,564	1,171,885,913
(Loss) for the year		(2,091,752,005)	(894,115,561)
Other comprehensive income (OCI)		-	-
Total comprehensive (loss) for the year		(2,091,752,005)	(894,115,561)
Earnings per equity share of face value of USD 0.10 each	22		
Basic and Diluted (in USD)		(4,183.50)	(1,788.23)
Corporate information and significant accounting policies and notes to the financial statements	1-31		

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

Thakur Sharma
Director

Place: Houston
Date: 13 April, 2018

New York
13 April, 2018

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

A. EQUITY SHARE CAPITAL

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
50,000	-	50,000	-	50,000

B. OTHER EQUITY

In USD

	Reserves and Surplus			Total
	Additional Paid in Capital	Capital Reserve	Retained Earnings	
Year ended 31 December, 2016				
Balance as at 1 January, 2016	654,000,000	-	(1,326,044,825)	(672,044,825)
Acquisition of stake in RIL USA Inc.	-	3,000,000	-	3,000,000
Additional capital received	500,000,000	-	-	500,000,000
(Loss) for the year	-	-	(894,115,561)	(894,115,561)
Balance as at 31 December, 2016	1,154,000,000	3,000,000	(2,220,160,386)	(1,063,160,386)
Year ended 31 December, 2017				
Balance as at 1 January, 2017	1,154,000,000	3,000,000	(2,220,160,386)	(1,066,160,386)
Additional capital received	600,000,000	-	-	600,000,000
(Loss) for the year	-	-	(2,091,752,005)	(2,091,752,005)
Balance as at 31 December, 2017	1,754,000,000	3,000,000	(4,311,912,391)	(2,557,912,391)

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

	Notes	2017	2016	In USD
Cash flows from operating activities				
(Loss) as per Statement of Profit and Loss		(2,091,752,005)		(894,115,561)
Adjustments for:				
Finance costs recognised in profit or loss	19	215,541,832		210,599,406
Finance income recognised in profit or loss	17	(281,948,767)		(277,770,352)
Gain on sale of investments in associates	24	(8,113,252)		-
Loss on sale / discarding of property, plant and equipment	21	-		20,515
Write off of intangible assets under development	21	-		70,228
Loss on closure of subsidiary	21	-		2,034
Depreciation and amortisation expense	20	332,404		611,465
Provision for Impairment in value of investment	21	2,000,024,712		903,540,797
Impact of fair valuation of investments	21	130,785		10,578,000
Write off of loan and interest receivable from a subsidiary	21	176,364,095		-
Unrealised gain on derivatives (net)	17, 21	(14,906,245)		30,218,007
		2,087,425,564		877,870,100
Operating (loss) before working capital changes		(4,326,441)		(16,245,461)
Movements in working capital:				
(Increase) in other receivables	9, 10	(16,968,293)		(4,925,141)
(Decrease) / increase in trade payables	15	(1,831,163)		815,781
		(18,799,456)		(4,109,360)
Cash (used in) operating activities		(23,125,897)		(20,354,821)
Cash flows from investing activities				
Payment for property, plant and equipment	3	(33,290)		-
Proceeds from disposal of property, plant and equipment	3	-		4,471
Investment in subsidiaries	4	(23,500)		(149,221)
Investment in associates	4	-		(10,708,786)
Sale of investments	4	8,113,252		-
Finance income	17	112,393,860		215,239,030
Loan to subsidiaries (net)	5	32,553,000		(232,430,000)
Movement in loans and deposits	5, 10	(32,594)		(12,448)
Net cash generated from / (used in) investing activities		152,970,728		(28,056,954)
Cash flows from financing activities				
Proceeds from long term borrowings	13	190,000,000		561,500,000
Repayment of long term borrowings	13	(718,000,000)		(261,500,000)
Additional paid in capital	12	600,000,000		500,000,000
Repayment of short term borrowings (net)	14	16,000,000		(540,000,000)
Advance from subsidiaries	16	-		(4,145,201)
Finance costs	19	(217,640,050)		(205,400,080)
Net cash (used in) / generated from financing activities		(129,640,050)		50,454,719
Net increase in cash and cash equivalents		204,781		2,042,944
Cash and cash equivalents at the beginning of the year	8	3,708,006		1,665,062
Cash and cash equivalents at the end of the year	8	3,912,787		3,708,006
Non cash item:				
During the year loan to subsidiaries of USD 2 billion was converted into non-current investment.				
Corporate information and significant accounting policies and notes to the financial statements	1-31			

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

Walter Van de Vijver
Director

Thakur Sharma
Director

Place: Houston
Date: 13 April, 2018

New York
13 April, 2018

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

1. GENERAL INFORMATION

- A. Reliance Holding USA Inc. (the "Company", "Reliance", "RHUSA") was incorporated as a Delaware corporation on 30 March 2010, under Delaware General Corporation Law. The principal office of the Company is situated at 2000 W Sam Houston Parkway S, Houston, Texas 77042 in the United States of America.

The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from mineral properties, commercialization of gasoline & blended gasoline products and related businesses through its investments. The Company also has investments in other businesses, including domain names, renewable fuels and biotechnology.

The shares of the Company are wholly held by Reliance Energy Generation and Distribution Limited (the "Parent"), a company incorporated in Mumbai, India. Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed company.

The extent of the Company's shareholding in and the principal business activities of the subsidiaries and associates are as follows:

Company	Country of Incorporation	Percentage of Shareholding	Principle Business Activities
Reliance Marcellus LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream Holding LP	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC	USA	100.00	Midstream business for oil and gas
Reliance Marcellus II LLC	USA	100.00	Exploration and production of oil and gas
Affinity Names Inc.	USA	100.00	Domain names
Aurora Algae Inc.	USA	100.00	Biotechnology
Aurora Algae Pty Ltd.	Australia	100.00	Biotechnology
Aurora Algae RGV, LLC (till 5 May, 2017)	USA	100.00*	Biotechnology
RIL USA Inc. (from 31 March, 2016)	USA	100.00	Commercialization of gasoline and blended gasoline products
Algenol LLC (till 3 November, 2017)	USA	29.94*	Biotechnology
Matrix Genetics LLC (till 8 December, 2017)	USA	30.63*	R&D for renewable fuels

* As on the date of sale/dissolution/termination.

- B. On 5 May, 2017 Aurora Algae RGV, LLC has been terminated. In 2017 the subsidiary Aurora Algae Pty Ltd. filed for deregistration and had its affairs wound up in 2018.
- C. The investments in Algenol LLC, and Matrix Genetics LLC are considered as investments in associates, which have been disposed off in the current year.

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, as explained in the accounting policies below. The accounting policies have been applied consistently over all period presented in these financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Property, Plant and Equipment and Intangible Assets:

The Company is carrying values of property, plant and equipment as deemed cost as at January 1, 2015 (date of transition to Ind AS). They are subsequently carried at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided on straight line method (SLM) based on management estimated useful lives of the assets as under. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Particulars	Useful Life
Office Equipments	4 years
Furniture & Fixtures	15 years
Software	3-5 years

B. Leases:

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis with reference to the lease terms and other consideration.

C. 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.

D. Impairment of Non-Financial Assets:

Impairment indicators

The recoverable amounts of cash-generating units or individual assets as applicable are determined based on higher of value-in-use calculations or fair values less costs to sell. These calculations require the use of estimates and assumptions.

Property plant & equipment

At each balance sheet date, the Company assesses whether there is any indication that any property, plant, equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Company monitors other internal and external indicators of impairment relating to its tangible and intangible assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

E. Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefit is probable.

F. Employee Benefits:

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

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

Defined contribution plans:

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

G. Taxation:

The Company on standalone basis is not a tax paying entity for federal or state income tax purposes, and, accordingly, it does not recognise any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Group.

H. 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.

Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

I. Investment in Subsidiaries and Associates:

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 4. Impairment policy applicable on such investments is explained in note 2.3 (J).

J. Impairment of Investment:

Assets representing investment in subsidiary company is reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

K. 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.

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

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

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

c. Equity instruments

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

d. Impairment of financial assets

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

(a) Financial assets at amortised cost

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

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 profit or 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. Derivative financial instruments (not designated as hedges)

Derivative financial instruments arising out of derivative contracts which are not designated as hedges by the Company, changes in fair value of such open derivatives instruments and gains / losses on derivative transaction settled within the year are accounted through Statement of Profit and Loss.

All financial instruments are measured at valuation techniques, as applicable.

III. De-recognition of financial instruments

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

IV. Fair value of financial instruments

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

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

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

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

(a) 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 periodically 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.

(b) 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 or CGU'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 group of assets. Where the carrying amount of an asset or CGU 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.

(c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.5 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).

Ind AS 115 Revenue from Contracts with Customers

In April 2017, the 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.

The Company is evaluating the provisions and application of Ind AS 115 and will appropriately implement the same in the next financial year.

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

In USD

3. PROPERTY, PLANT AND EQUIPMENT

Description	Gross block			Depreciation and amortisation			Net block	
	As at 1 January, 2017	Additions	Deductions	As at 31 December, 2017	As at 1 January, 2017	For the Year	Deductions	As at 31 December, 2017
TANGIBLE ASSETS								
Furniture & fixtures	547,367	-	-	547,367	87,547	56,804	-	403,016
Office equipments (includes computer equipments)	159,667	-	-	159,667	110,681	22,894	-	26,092
Sub-Total	707,034	-	-	707,034	198,228	79,698	-	429,108
INTANGIBLE ASSETS (other than internally generated)								
Software	1,315,246	-	-	1,315,246	994,000	252,706	-	68,540
Sub-Total	1,315,246	-	-	1,315,246	994,000	252,706	-	68,540
Total	2,022,280	-	-	2,022,280	1,192,228	332,404	-	497,648

Description	Gross block			Depreciation and amortisation			Net block	
	As at 1 January, 2016	Additions	Deductions	As at 31 December, 2016	As at 1 January, 2016	For the Year	Deductions	As at 31 December, 2016
TANGIBLE ASSETS								
Furniture & fixtures	551,838	-	4,471	547,367	40,114	47,433	-	459,820
Office equipments (includes computer equipments)	229,091	33,290	102,714	159,667	125,368	67,512	82,199	48,986
Sub-Total	780,929	33,290	107,185	707,034	165,482	114,945	82,199	508,806
INTANGIBLE ASSETS (other than internally generated)								
Software	1,315,246	-	-	1,315,246	497,480	496,520	-	321,246
Sub-Total	1,315,246	-	-	1,315,246	497,480	496,520	-	321,246
Total	2,096,175	33,290	107,185	2,022,280	662,962	611,465	82,199	830,052
Intangible assets under development	70,228							-

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

4 NON CURRENT INVESTMENTS

Investment in Subsidiaries

Members Contribution / Equity Shares

In USD

Particulars	As at 31 December, 2017		As at 31 December, 2016	
	Qty.	Amount	Qty.	Amount
Reliance Marcellus LLC	-	1,913,246,000	-	1,413,246,000
Less: Provision for impairment		1,913,246,000		1,413,246,000
		-		-
Reliance Marcellus II LLC	-	525,605,000	-	525,605,000
Less: Provision for impairment		525,605,000		525,605,000
		-		-
Aurora Algea Inc.	75,763,427	63,935,902	75,763,427	63,935,902
Less: Provision for impairment		63,935,902		63,935,902
		-		-
Reliance Eagleford Upstream LLC	-	1,728,430,150	-	228,419,150
Less: Provision for impairment		1,728,416,127		228,404,268
		14,023		14,882
Reliance Eagleford Upstream GP LLC	-	36,800	-	36,800
Less: Provision for impairment		26,946		26,818
		9,854		9,982
Affinity Names Inc.	-	258,974	-	246,474
Less: Provision for impairment		258,699		245,974
		275		500
RIL USA Inc	300	3,000,000	300	3,000,000
Reliance Eagleford Midstream LLC	-	46,800,000	-	46,800,000
Total investment in Subsidiaries		49,824,152		49,825,364

Investment in Associates (unquoted)

Particulars	As at 31 December, 2017		As at 31 December, 2016	
	Qty.	Amount	Qty.	Amount
Algenol LLC	-	-	28,756,718	130,785
Matrix Genetics LLC	-	-	5,249,344	-
Total carrying value of unquoted investments in associates		-		130,785

Summarised financial information of associates

Summarised financial information in respect of each of the associate as set out below represents amount shown in the respective associate's financial statements.

Algenol LLC

Algenol LLC is a Company organised under the laws of the State of Florida. Algenol LLC is a global, industrial biotechnology company in the development stage of commercializing its patented algae technology platform to make ethanol and high-value organic green chemicals directly from carbon dioxide, water and sunlight. The investment by Company in Algenol LLC has been sold on 3 November, 2017 and hence the following information has not been provided for current year.

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

	As at 31 December, 2017	As at 31 December, 2016
Summarised financial information		
Non-current assets	-	7,906,629
Current assets	-	2,777,003
Non-current liabilities	-	410,169
Current liabilities	-	1,071,184
	Year ended 31 December, 2017	Year ended 31 December, 2016
Revenue	-	561,232
(Loss) for the year	-	(24,061,672)
Other comprehensive income for the year	-	(84,505)
Total comprehensive income for the year	-	(24,146,177)

Matrix Genetics LLC

Matrix Genetics LLC was a Company organised under the laws of the State of Washington. Matrix Genetics LLC was a development stage company focused on improving cyanobacteria as a platform for production of renewable fuels and specialty chemicals. Matrix Genetics LLC has been dissolved on 8 December, 2017 and hence following information has not been provided for current year.

	As at 31 December, 2017	As at 31 December, 2016
Summarised financial information		
Non-current assets	-	701,281
Current assets	-	940,061
Non-current liabilities	-	149,894
Current liabilities	-	2,238,794
	Year ended 31 December, 2017	Year ended 31 December, 2016
Revenue	-	4,388,997
(Loss) for the year	-	(1,246,251)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	(1,246,251)

Investment in others (unquoted)

Particulars	As at 31 December, 2017		As at 31 December, 2016	
	Qty.	Amount	Qty.	Amount
Terra Power LLC	4,454,799	15,408,421	4,454,799	15,408,421
Ecorithm Inc.	-	-	-	-
Total investments in others		15,408,421		15,408,421
Total non-current investments		65,232,573		65,364,570

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

5 LOANS (NON-CURRENT) (Unsecured considered good)	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Employee car loans	38,699	27,354
Loans to subsidiaries (Refer note 29)	2,903,641,950	5,111,271,950
TOTAL	<u>2,903,680,649</u>	<u>5,111,299,304</u>
6 OTHER FINANCIAL ASSETS (NON-CURRENT)	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Security deposits	58,165	36,916
TOTAL	<u>58,165</u>	<u>36,916</u>
7 NON-CURRENT TAX ASSETS	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Advance income tax	150,000	150,000
TOTAL	<u>150,000</u>	<u>150,000</u>
8 CASH AND CASH EQUIVALENTS	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Balance with banks	3,912,787	3,708,006
TOTAL	<u>3,912,787</u>	<u>3,708,006</u>
9 OTHER FINANCIAL ASSETS (CURRENT)	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Interest receivable from subsidiaries (Refer note 29)	230,920,540	62,652,728
Guarantee commission receivable (Refer note 29)	20,857,349	4,303,858
Receivable from subsidiaries (Refer note 29)	1,646,532	1,088,046
Other receivables	1,467,646	1,471,765
TOTAL	<u>254,892,067</u>	<u>69,516,397</u>
10 OTHER CURRENT ASSETS (Unsecured and considered good)	As at 31 December, 2017	As at 31 December, 2016
		<i>In USD</i>
Advances #	-	139,565
TOTAL	<u>-</u>	<u>139,565</u>
# Advances includes prepaid expenses.		

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

11 EQUITY SHARE CAPITAL

In USD

	<u>As at 31 December, 2017</u>	<u>As at 31 December, 2016</u>
Authorised share capital:		
500,000 Equity Shares of USD 0.10 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Issued, Subscribed and Paid up:		
500,000 Equity Shares of USD 0.10 each fully paid up	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

Details of shareholders holding more than 5% shares :

Name of the Shareholder	<u>As at 31 December, 2017</u>		<u>As at 31 December, 2016</u>	
	No. of shares	% held	No. of shares	% held
Reliance Energy Generation and Distribution Limited	500,000	100	500,000	100

12 OTHER EQUITY

In USD

	<u>As at 31 December, 2017</u>		<u>As at 31 December, 2016</u>	
Additional paid in capital				
Opening balance	1,154,000,000		654,000,000	
Additions during the year	600,000,000	1,754,000,000	500,000,000	1,154,000,000
Capital reserve				
Opening balance	3,000,000		-	
Additions during the year	-	3,000,000	3,000,000	3,000,000
Retained earnings				
Opening balance	(2,220,160,386)		(1,326,044,825)	
(Loss) for the year	(2,091,752,005)		(894,115,561)	
		<u>(4,311,912,391)</u>		<u>(2,220,160,386)</u>
TOTAL		<u>(2,554,912,391)</u>		<u>(1,063,160,386)</u>

Additional paid in capital

Additional paid-in-capital represents the additional contribution made by the Parent Company over and above the fully paid up share capital.

Capital reserve

Capital reserve is generated on account of acquisition RIL USA Inc. This represents excess of net assets acquired over the consideration for the acquisition.

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

13 BORROWINGS (NON CURRENT)

	As at 31 December, 2017	As at 31 December, 2016
<i>In USD</i>		
Unsecured - at amortised cost		
Bonds (Refer note 13.1 & 13.3)	2,984,716,555	2,981,679,161
Term loans from banks(Refer note 13.2 & 13.3)	475,000,000	1,527,160,430
	3,459,716,555	4,508,839,591
TOTAL	3,459,716,555	4,508,839,591

13.1 On 19 October 2010, Reliance issued \$1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the 2020 Notes) and \$500 million of 6.25% Guaranteed Senior Notes due 2040. Further, on 14 February 2012 and 28 February 2012, Reliance issued \$1,000 million and \$500 million, respectively, of 5.40% Guaranteed Senior Notes due 2022 (2022 Notes, collectively with the 2020 Notes and 2040 Notes, the Bonds). The Bonds are guaranteed on an unsecured basis by Reliance Industries Limited, India. Unless previously repurchased, cancelled or redeemed, the 2020 Notes and the 2040 Notes will mature on 19 October 2020 and 19 October 2040, respectively and 2022 Notes will mature on 14 February, 2022 and 28 February, 2022. The Bonds are unsecured and unsubordinated obligations of Reliance, rank pari-passu with all of its other existing and future unsubordinated obligations, and are effectively subordinated to secured obligations of the guarantor and the obligations of its subsidiaries. Reliance has the option to redeem all or a portion of each series of the Notes at any time. The Notes are traded on the Singapore Exchange.

The gross unpaid principal balance and accrued interest on the Bonds were \$3,000 million and \$46.18 million respectively as at 31 December, 2017 and 31 December, 2016.

13.2 As at 31 December 2017, the Company has outstanding unsecured long term loan facilities from several banks with aggregate borrowing of \$1,512 million (\$2,330 million as of 31 December 2016). The effective interest rates during the year varied between 2.70% and 3.00%. The maturity of these facilities range from the first quarter of 2018 to the second quarter of 2020. Summary of such debts is given in the table below.

Bank Name	Amount Outstanding as on 31 December 2017 (in USD million)	Initial Facility Amount	Maturity Date	Rate of Interest
JP Morgan Chase Bank N.A.	150	150	12 December, 2019	1.450%+LIBOR
Citi Bank N.A.	225	300	21 June, 2019	1.300%+LIBOR
Credit Agricole Corporate and Investment Bank	100	100	22 June, 2020	1.600%+LIBOR
Long term borrowings	475	550		
Standard Chartered Bank	80	80	8 February, 2018	1.400%+LIBOR
Australia and New Zealand Banking Group Limited	300	350	30 May, 2018	1.650%+LIBOR
Bank of Tokyo Mitsubishi UFJ	300	330	22 June, 2018	1.490%+LIBOR
Societe Generale	200	200	24 August, 2018	1.350%+LIBOR
Hongkong and Shanghai Banking Corporation	157	250	25 October, 2018	1.600%+LIBOR
Current maturities of long term debt #	1,037	1,210		

presented as other financial liabilities in current liabilities

13.3 The costs related to raising of the debt together with discount on issuance is amortised over the tenure of the debt. The unamortised portion of \$16 million as at 31 December, 2017 and \$ 21 million as at 31 December 2016 has been netted off against the carrying values of related borrowings.

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

14 BORROWINGS (CURRENT)	As at 31 December, 2017	As at 31 December, 2016	<i>In USD</i>
Unsecured - at amortised cost			
Term loan from banks (Refer note 14.1)	346,000,000		40,000,000
TOTAL	346,000,000		40,000,000

14.1 As of 31 December 2017, the Company had outstanding unsecured short-term loan facilities from banks with aggregate borrowings of \$346 million maturing in last quarter of 2018 and carrying interest rates ranging from 2.17% to 2.49%. As of 31 December 2016, the Company had outstanding unsecured short-term loan facilities from a bank with aggregate borrowing of \$40 million matured in last quarter of 2017 and carrying interest rate of 1.80%.

15 TRADE PAYABLES	As at 31 December, 2017	As at 31 December, 2016	<i>In USD</i>
Trade payables	5,074,556		6,127,084
TOTAL	5,074,556		6,127,084

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

16 OTHER FINANCIAL LIABILITIES (CURRENT)	As at 31 December, 2017	As at 31 December, 2016	<i>In USD</i>
Creditors for capital expenditure	-		33,290
Interest accrued but not due on borrowings	46,773,677		46,178,980
Guarantee commission payable (Refer note 29)	-		8,015,655
Derivative liabilities	12,444,458		27,350,703
Current maturities of borrowings - non current (Refer note 13.2)	1,036,220,776		799,775,000
Payable to Subsidiaries (Refer note 29)	877,056,258		877,834,893
TOTAL	1,972,495,169		1,759,188,521

17 OTHER INCOME	2017	2016	<i>In USD</i>
Interest income:			
From Subsidiaries (Refer note 29)	281,948,767	277,751,290	
From others	-	19,062	277,770,352
Gain on sale of investments in associates #	8,113,252		-
Gain on derivatives (Net)	24,333,705		-
Miscellaneous Income	2,835		-
TOTAL	314,398,559	277,770,352	

Gain of \$8 million on sale of investment in Algenol LLC and receipt of \$0.1 million on dissolution of Matrix Genetics LLC.

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

18 EMPLOYEE BENEFITS EXPENSE	<i>In USD</i>	
	2017	2016
Salaries and wages #	5,726,184	6,476,683
Contribution to defined contribution scheme	910,405	966,323
Staff welfare expenses	28,057	42,505
TOTAL	6,664,646	7,485,511
# net of expenses recharged to subsidiaries		
19 FINANCE COSTS	<i>In USD</i>	
	2017	2016
Interest on bonds and bank loans	207,698,173	203,052,626
Guarantee commission (Refer note 29) #	2,255,761	2,031,041
Other borrowing costs	5,587,898	5,515,739
TOTAL	215,541,832	210,599,406
# net of expenses recharged to subsidiaries		
20 DEPRECIATION AND AMORTISATION EXPENSE	<i>In USD</i>	
	2017	2016
Depreciation on property, plant and equipment	79,698	114,945
Amortisation of other intangible assets	252,706	496,520
TOTAL	332,404	611,465
21 OTHER EXPENSES #	<i>In USD</i>	
	2017	2016
Legal and professional fees	1,976,319	1,561,183
General expenses	2,618,302	5,443,897
Operating lease rentals (Refer note 28)	773,868	1,018,250
Rates & taxes	257,219	15,491
Travelling and conveyance expenses	1,156,382	1,274,128
Payment to auditors - audit fees	310,000	310,000
Provision for impairment in value of investment	2,000,024,712	903,540,797
Impact of fair valuation of investments	130,785	10,578,000
Loss on derivatives (Net)	-	29,355,008
Loss on sale / discarding of property, plant and equipment	-	20,515
Write off of loan and interest receivable from a subsidiary	176,364,095	-
Write off of intangible assets under development	-	70,228
Loss on closure of subsidiary*	-	2,034
TOTAL	2,183,611,682	953,189,531
# net of expenses recharged to subsidiaries		

*The Company closed one of its subsidiaries, Reliance USA Gas Marketing LLC on 30 December, 2016. Member contribution by RHUSA in this subsidiary is written off to the Statement of Profit and Loss.

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

22 EARNINGS PER SHARE (EPS)

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

	2017	2016
i) Net (Loss) as per Statement of Profit and Loss attributable to the shareholder of the Company	(2,091,752,005)	(894,115,561)
ii) Weighted average number of shares used as denominator for calculating EPS	500,000	500,000
iii) Basic and diluted earnings per share (\$)	(4,183.50)	(1,788.23)
iv) Face value per share (\$)	0.10	0.10

23. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company, with the support of its parent, will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required.

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. Capital comprises of bonds, loans, and equity. The Company is not exposed to any externally imposed capital requirements.

Net gearing ratio:

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

	As at 31 December, 2017	As at 31 December, 2016
Debt #	4,858,000,000	5,370,000,000
Less: Cash and cash equivalents	3,912,787	3,708,006
Net debt	4,854,087,213	5,366,291,994
Total equity	(2,554,862,391)	(1,063,110,386)
Net debt to equity ratio	-190%	-505%

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

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Market Risk:

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

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

Interest rate risk:

The Company is exposed to interest rate risk because Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rates borrowing and through selective interest rate swaps to optimise the interest cost exposure.

24. CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Note	<i>In USD</i>	
		As at 31 December, 2017	As at 31 December, 2016
Financial assets			
A. Measured at fair value through profit or loss (FVTPL)			
(i) Investment - Others (unquoted)	4	15,408,421	15,408,421
B. Measured at amortised cost (AC)			
(i) Loans	5	2,903,680,649	5,111,299,304
(ii) Security deposit	6	58,165	36,916
(iii) Cash and cash equivalents	8	3,912,787	3,708,006
(iv) Interest receivable from subsidiaries	9	230,920,540	62,652,728
(v) Guarantee commission receivable	9	20,857,349	4,303,858
(vi) Receivable from Subsidiaries	9	1,646,532	1,088,046
(vii) Other receivables	9	1,467,646	1,471,765
Financial liabilities			
A. Measured at fair value through profit or loss (FVTPL)			
(i) Derivative liabilities	16	12,444,458	27,350,703
B. Measured at amortised cost (AC)			
(i) Borrowings			
(a) Non-current	13	3,459,716,555	4,508,839,591
(b) Current	14	346,000,000	40,000,000
(c) Current maturities of long term debt	16	1,036,220,776	799,775,000
(ii) Trade payables	15	5,074,556	6,127,084
(iii) Payable to subsidiaries	16	877,056,258	877,834,893
(iv) Creditors for capital expenditure	16	-	33,290
(v) Interest accrued but not due on borrowings	16	46,773,677	46,178,980
(vi) Guarantee commission payable	16	-	8,015,655

25. FAIR VALUE MEASUREMENT:

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 31 December, 2017	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Investment-others (unquoted) (Refer note 4) #	15,408,421	NA
Derivative liabilities (Refer note 16)	12,444,458	12,444,458	NA	NA

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 31 December, 2016	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Investment-others (unquoted) (Refer note 4) #	15,408,421	NA
Derivative liabilities (Refer note 16)	27,350,703	27,350,703	NA	NA

The management has evaluated their investment based on progress till date and future outlook and concluded that the carrying value as on the dates of the respective balance sheet represents fair value of investment.

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

26. GOING CONCERN CONSIDERATIONS:

The accumulated losses have fully eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future basis the continued support from Reliance Industries Limited (RIL), the ultimate 100 % holding company as evidenced from the fact that RIL has guaranteed the outstanding bond liability of the Company. Holding Company has also been steadily infusing equity into the Company over the years and hence the accounts are prepared on a going concern basis.

27. FINANCIAL AND DERIVATIVE INSTRUMENTS

The Company has entered into the following derivative contracts that have not been designated as hedges; the fair value is recognised as gains or (losses) in the Statement of Profit and Loss and derivative assets and liabilities in the Balance Sheet.

Derivative	As at 31 December, 2017		As at 31 December, 2016	
	Maturity period	Notional position/ value	Maturity period	Notional position/ value
Natural Gas - NYMEX - Fixed swaps	January, 2018 to June, 2018	27,217 mmbtu/day	January, 2017 to December, 2017	72,500 mmbtu/day
Natural Gas - NYMEX - Asian floor/ cap and basis swaps	January, 2018 to December, 2018	504,000 mmbtu/day	January, 2017 to December, 2017	45,500 mmbtu/day
Crude - NYMEX - Cap, Floor and basis swaps	January, 2018 to June, 2018	16,950 bbl/day	January, 2017 to June, 2017	2,650 bbl/day
Refined - OPIS Ethane - Fixed swaps	January, 2018 to December, 2018	504,000 gal/day	-	-
Refined - NYMEX - Fixed swaps	February, 2018 to December, 2018	30,613 mmbtu/day	-	-
Interest rate swaptions	October, 2017 to March, 2018	\$3,300 million	October, 2016 to February, 2017	\$600 million
Interest rate swap	Novemebr, 2017 to December, 2022	\$1,150 million	December, 2016 to December, 2021	\$100 million

28. LEASES

Non-cancellable operating lease commitments:

The Company has taken premises on non-cancellable operating lease basis with varying tenor upto 30 June, 2023. The future minimum rentals are as follows:

	As at 31 December, 2017	As at 31 December, 2016
Not later than 1 year	497,767	560,305
Later than 1 year and not later than 5 year	1,516,397	1,360,035
Later than 5 year	-	517,891
TOTAL	2,014,164	2,438,231

Lease payments recognised in the Statement of Profit and Loss in connection with the above for the year 2017 & 2016 are USD 773,868 and USD 1,018,250 respectively.

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

29. 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 Energy Generation & Distribution Limited	Holding Company (Control exists)
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Eagleford Upstream LLC	Subsidiary (control exists)
Reliance Eagleford Upstream GP LLC	Subsidiary (control exists)
Reliance Eagleford Upstream Holding LP	Subsidiary (control exists)
Reliance Eagleford Midstream LLC	Subsidiary (control exists)
Reliance Marcellus LLC	Subsidiary (control exists)
Reliance Marcellus II LLC	Subsidiary (control exists)
Affinity Names Inc.	Subsidiary (control exists)
Aurora Algae Inc.	Subsidiary (control exists)
RIL USA Inc.	Subsidiary (control exists)
Reliance Global Business B.V	Fellow Subsidiary
Matrix Genetics LLC (till 8 December, 2017)	Associate
Algenol LLC (till 3 November, 2017)	Associate
Walter Van de Vijver, CEO	Key Management Person
Thakur Sharma, Director	Key Management Person
Gopal Krishnan, CFO (till 30 June, 2017)	Key Management Person
Masoud Javadi, General Counsel	Key Management Person

Name of the related party	Balances as at year end	<i>In USD</i>	
		As at 31 December, 2017	As at 31 December, 2016
Reliance Industries Limited	Guarantee given by	3,000,000,000	3,000,000,000
Reliance Industries Limited	Guarantee commission payable	-	8,015,655
RIL USA Inc.	Rent receivable	20,392	23,018
Reliance Marcellus II LLC	Standby letter of credit given to	-	282,663
Reliance Eagleford Upstream Holding LP	Standby letter of credit given to	30,000,000	30,000,000
Reliance Marcellus LLC	Loan to subsidiary	1,613,144,700	2,104,499,700
Reliance Eagleford Upstream LLC	Loan to subsidiary	1,290,497,250	2,708,382,250
Reliance Marcellus II LLC	Loan to subsidiary	-	298,390,000
Reliance Eagleford Upstream Holding LP	Guarantee commission receivable	12,724,653	1,382,895
Reliance Marcellus II LLC	Guarantee commission receivable	-	138,417
Reliance Marcellus LLC	Guarantee commission receivable	8,132,696	2,782,546
Reliance Eagleford Upstream Holding LP	Other receivable	424,073	566,473
Reliance Marcellus LLC	Other receivable	1,222,459	404,613
Reliance Marcellus II LLC	Other receivable	-	116,647
Reliance Eagleford Midstream LLC	Other payable - Current	875,556,258	876,334,893
Aurora Algae Inc.	Other payable - Current	1,500,000	1,500,000
Reliance Marcellus II LLC	Interest receivable	-	3,029,865
Reliance Marcellus LLC	Interest receivable	99,626,905	38,548,008
Reliance Eagleford Upstream LLC	Interest receivable	131,293,635	21,074,855
Key Management Persons	Remuneration and benefits payable	1,292,226	1,486,910

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

Name of the related party	Nature of transaction	<i>In USD</i>	
		For the years ended 31 December, 2017	31 December, 2016
Reliance Industries Limited	Guarantee commission	29,991,782	29,194,520
Reliance Industries Limited	Corporate office support	1,277,268	1,069,734
Reliance Eagleford Upstream Holding LP	Recovery of guarantee commission	15,356,614	14,948,395
Reliance Marcellus LLC	Recovery of guarantee commission	11,011,580	10,718,863
Reliance Marcellus II LLC	Recovery of guarantee commission	1,367,827	1,496,219
Reliance Eagleford Upstream Holding LP	Recovery of employee benefit expenses	2,191,490	2,324,014
Reliance Marcellus LLC	Recovery of employee benefit expenses	1,508,103	1,616,745
Reliance Marcellus II LLC	Recovery of employee benefit expenses	175,251	393,785
Reliance Eagleford Upstream LLC	Loan given to	82,115,000	84,900,000
Reliance Marcellus II LLC	Loan given to	10,000	3,340,000
Reliance Marcellus LLC	Loan given to	8,645,000	175,490,000
Reliance Eagleford Upstream LLC	Loan repaid by	-	21,200,000
Reliance Marcellus II LLC	Loan repaid by	123,323,000	-
Reliance Marcellus LLC	Loan repaid by	-	10,100,000
Reliance Marcellus II LLC	Loan written off	175,077,000	-
Reliance Eagleford Upstream LLC	Conversion of loan given into investment	1,500,000,000	-
Reliance Marcellus LLC	Conversion of loan given into investment	500,000,000	-
Reliance Eagleford Upstream LLC	Interest income	151,717,119	148,606,685
Reliance Marcellus LLC	Interest income	115,802,675	112,785,074
Reliance Marcellus II LLC	Interest income	14,428,973	16,359,531
Reliance Marcellus II LLC	Interest written off	1,287,095	-
RIL USA Inc.	Rent income	372,533	319,595
Matrix Genetics LLC	R&D expense	1,000,000	3,982,536
Reliance Eagleford Upstream Holding LP	Recovery of other expenses	601,780	352,386
Reliance Marcellus LLC	Recovery of other expenses	379,644	253,292
Reliance Marcellus II LLC	Recovery of other expenses	85,000	14,928
Reliance Eagleford Midstream LLC	Recovery of other expenses	778,636	8,000
Reliance Eagleford Upstream LLC	Investment	11,000	12,000
Affinity Names Inc.	Investment	12,500	-
Key management persons	Remuneration and benefits		
	- Short term benefits	3,420,232	3,701,000
	- Long term benefits	536,150	530,529

30. SEGMENT REPORTING

The company is engaged in the business of exploration and production of oil and gas from shale reservoirs in the United States of America through its investments. Consequently, there is a single business and geographical segment.

31. The financial statements are approved for issue by the Board of Directors on 13 April, 2018.

For and on behalf of the Board

Walter Van de Vijver
Director

Thakur Sharma
Director

Place: Houston
Date: 13 April, 2018

New York
13 April, 2018