RELIANCE EAGLEFORD UPSTREAM HOLDING LP

FINANCIAL STATEMENTS

2016-17

Independent Auditor's Report

TO THE DIRECTORS OF RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Reliance Eagleford Upstream Holding LP. ("the LP"), which comprise the Balance Sheet as at December 31, 2016, 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 LP's Management 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 changes in equity of the LP 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 LP 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 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 LP'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 LP 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 LP's Management, 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, 2016, and its loss, total comprehensive loss, its cash flows and the statement of changes in equity for the year ended on that date.

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.

(b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated:21st April, 2017

Balance Sheet as at 31 December, 2016

In USD

	Notes	As at 31st December, 2016	As at 31st December 2015	As at 1st January 2015
ASSETS				
Non-Current Assets				
(a) Other intangible assets	3	1,058,926,583	1,079,278,802	808,475,481
(b) Intangible assets under development	3	91,375,856	147,081,740	246,453,119
Total Non-Current assets		**1,150,302,439**	**1,226,360,542**	**1,054,928,600**
Current Assets				
(a) Inventories	4	1,326,654	194,366	294,817
(b) Financial assets				
(i) Cash and cash equivalents	5	8,170	777,501	2,620,999
(ii) Other financial assets	6	40,540,842	71,822,526	106,285,718
(c) Other current assets	7	3,339,384	-	-
Total Current assets		**45,215,050**	72,794,393	109,201,534
Total Assets		**1,195,517,489**	**1,299,154,935**	**1,164,130,134**
EQUITY AND LIABILITIES				
Equity				
(a) Partner's contribution	8	228,350,000	228,350,000	228,350,000
(b) Share of net income	9	(1,853,650,016)	(1,633,484,338)	(1,552,238,957)
Total equity		**(1,625,300,016)**	**(1,405,134,338)**	**(1,323,888,957)**
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	10	2,708,382,251	2,644,682,251	2,367,464,380
(b) Provisions	11	23,844,946	15,770,061	9,808,003
Total Non-Current Liabilities		**2,732,227,197**	**2,660,452,312**	**2,377,272,383**
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	12	61,655,441	29,904,779	28,834,453
(ii) Other financial liabilities	13	26,934,867	13,932,182	81,912,255
Total current liabilities		**88,590,308**	43,836,961	110,746,708
Total Equity and Liabilities		**1,195,517,489**	**1,299,154,935**	**1,164,130,134**
Corporate information and significant accounting policies and notes to the financial statements	1 to 32			

As per our Report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the Partnership

Walter Van de Vijver
Director

Place: Houston
Date: 20 April, 2017

Gopal Krishnan
Officer

Houston
20 April, 2017

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

In USD

	Notes	2016	2015
INCOME			
Revenue from Operations	14	256,545,472	405,525,781
Other Income	15	96,598	33,207,169
Total Income		**256,642,070**	**438,732,950**
EXPENSES			
Share of operating expenses in shale gas operations	16	172,109,498	205,883,437
Changes in inventories of finished goods	17	(1,132,288)	100,451
Employee benefits expense	18	2,324,014	1,504,160
Finance costs	19	121,706,817	96,368,379
Depletion expense	20	173,958,945	215,568,098
Other expenses	21	7,840,762	553,806
Total expenses		**476,807,748**	**519,978,331**
(Loss) for the year		**(220,165,678)**	**(81,245,381)**
Other comprehensive income (OCI)		**-**	-
Total comprehensive (loss) for the year		**(220,165,678)**	**(81,245,381)**
Corporate information and significant accounting policies and notes to the financial statements	1-32		

As per our Report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the Partnership

Walter Van de Vijver
Director

Place: Houston
Date: 20 April, 2017

Gopal Krishnan
Officer

Houston
20 April, 2017

Statement of changes in equity for the year ended 31 December, 2016

In USD

A. PARTNER'S CONTRIBUTION

Balance at 1st January, 2015	Changes during the year 2015	Balance at 31st December, 2015	Changes during the year 2016	Balance at 31st December, 2016
228,350,000	-	228,350,000	-	228,350,000

B. SHARE OF NET INCOME *In USD*

Year ended 31 December 2015	
Balance as at 1 January, 2015	(1,552,238,957)
(Loss) for the year	(81,245,381)
Balance as at 31 December, 2015	**(1,633,484,338)**
Year ended 31 December 2016	
Balance as at 1 January, 2016	(1,633,484,338)
(Loss) for the year	(220,165,678)
Balance as at 31 December, 2016	**(1,853,650,016)**

Statement of Cash Flows for the year ended 31 December, 2016

In USD

	Notes	2016		2015	
Cash flows from operating activities					
(Loss) as per Statement of Profit and Loss			(220,165,678)		(81,245,381)
Adjustments for:					
Finance costs recognised in profit or loss	19	121,706,817		96,368,379	
Interest income recognised in profit or loss	15	(96,598)		(32,739)	
Depletion expense	20	173,958,945		215,568,098	
Unrealised loss / (gain) on derivatives (net)	15, 21	11,311,038		(10,326,879)	
			306,880,202		301,576,859
Operating profit before working capital changes			**86,714,524**		**220,331,478**
Movements in working capital:					
Decrease in other receivables and advances	6, 7	16,631,262		44,790,071	
(Increase) / decrease in inventories	4	(1,132,288)		100,451	
Increase / (decrease) in trade and other payables	12, 13	33,126,369		(1,110,824)	
			48,625,343		43,779,698
Net cash generated from operating activities			**135,339,867**		**264,111,176**
Cash flows from investing activities					
Interest income	15		96,598		32,739
Payments for property, plant and equipment	3		(56,627,488)		(382,394,953)
Net cash (used in) investing activities			**(56,530,890)**		**(382,362,214)**
Cash flows from financing activities					
Proceeds from long term borrowings	10		84,900,000		1,233,500,000
Repayment of long term borrowings	10		(21,200,000)		(960,000,000)
Finance costs	19		(143,278,308)		(157,092,460)
Net cash (used in) / generated from financing activities			**(79,578,308)**		**116,407,540**
Net (decrease) in cash and cash equivalents			(769,331)		(1,843,498)
Cash and cash equivalents at the beginning of the year	5		777,501		2,620,999
Cash and cash equivalents at the end of the year (Refer note 5)			**8,170**		**777,501**
Corporate information and significant accounting policies and notes to the financial statements	1-32				

As per our Report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the Partnership

Walter Van de Vijver
Director

Place: Houston
Date: 20 April, 2017

Gopal Krishnan
Officer

Houston
20 April, 2017

Notes to the financial statements for the year ended 31 December, 2016

1. GENERAL INFORMATION

A. Reliance Eagleford Upstream Holding LP (the "Partnership", "LP") was formed as a Texas limited liability partnership on 17 June 2010, in the United States. The principal office of the LP is situated at 2000 W. Sam Houston Parkway S, Houston, Texas 77042. The LP is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses. The LP is composed of two partner companies listed in the table below. The LP's ultimate parent is Reliance Industries Limited, an Indian listed Company ("Ultimate Holding Company").

Company	Country of Incorporation	Percentage Ownership	Principle Business Activities
Reliance Eagleford Upstream LLC	USA	99.99	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	0.01	Exploration and production of oil and gas

B. Reliance Eagleford Upstream LLC and Reliance Eagleford Upstream GP LLC are, respectively, the limited partner and general partner. Reliance Holding USA Inc. is the holding company of the limited partner and general partner (the “Holding Company”).

C. On 23 June 2010, the LP executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA, Inc. (Pioneer) under which the LP acquired a 45% interest in Pioneer’s core Eagle Ford Shale acreage position in two separate transactions for a total of $264 million cash and $1.05 billion of drilling carry obligations. The drilling carry obligation provided for 75% of the other joint venture partners’ capital costs over an anticipated six-year development program. In addition, the LP was to fund its share of the development plan. Pioneer and Newpek LLC, Pioneer’s then-current partner in the Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to the LP. The LP became a partner in 262,683 net acres. Pioneer continues to be the operator, with 46.354% participating interest. In December 2012, the LP fully met its $1.05 billion drilling carry commitment.

2.1 STATEMENT OF COMPLIANCE

The financial statements of the LP 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.

Upto the year ended December 31, 2015, the LP prepared its financial statements in accordance with the requirement of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the LP's first Ind AS financial statements. The date of transition to Ind AS is 1 January, 2015. Refer note 2.5 for the details of first time adoption exemptions availed by the LP.

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 polices below. 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.

Notes to the financial statements for the year ended 31 December, 2016

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Intangible Assets under Development and Intangible Assets - Development Rights (Oil and Gas):

Pursuant to migration to Ind AS from 1 January, 2015, the LP has adopted Successful Efforts Method (SEM) of accounting for its' Oil and Gas activities. Costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation are accounted for as intangible assets under development. Upon a well is ready to commence commercial production, the costs accumulated in intangible assets under development are capitalised to intangible assets rateably based on the drilling progress made under the overall capital expenditure program. The drilling progress determines the technical feasibility and commercial viability of the assets. Development costs incurred thereafter are capitalised to the said intangible asset. All costs relating to production and the exploration and evaluation expenditure which does not result in discovery of proved developed oil and gas reserve are charged as expenses in Statement of Profit and Loss.

The costs of development rights (leasehold interest costs) are depleted using the unit of production method in proportion of oil and gas production achieved vis-à-vis Proved Reserves on developing the reserves as per technical evaluation. The development costs (which include integrated drilling and other cost) are depleted in proportion of oil and gas production achieved vis-à-vis Proved developed reserves.

B. 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.

C Inventories:

Inventories of crude oil are stated at lower of cost and net realisable value. The net realisable value of crude oil is based on estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, at the balance sheet date.

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. It is reasonably possible that oil and gas price assumption may change, which may then impact the estimated life of the field and require a material adjustment to the carrying value of intangible assets under development and development rights (oil and gas).

Oil and Gas assets

Intangible assets under development and intangible assets-development rights (oil and gas) are treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of fair value less costs to sell and value in use. ln 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. For the purpose of assessing impairment, oil and gas property subject to testing, are grouped within the joint venture for determining the cash generating unit. For the purpose of calculating the value in use, future cash flows emanating from proved, unproved and contingent resources are discounted at differential rates calculated based on the weighted average cost of capital of the Holding Company. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

E. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the LP 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 neither recognised nor disclosed in the financial statements.

Notes to the financial statements for the year ended 31 December, 2016

Decommissioning liability:

The LP records a provision for decommissioning costs towards site restoration activity. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular assets.

F. Taxation:

The LP 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 LP's activities is the responsibility of the Holding Company.

G. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LP 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.

Revenue is recognised net of royalties and diversion fees.

Revenue from sale of products is recognised only if following conditions are satisfied:

i. When the risk and reward of ownership have been transferred, which is when the title passes to the customer. Revenue from the production of oil and gas in which the LP has an interest with other producers is recognised based on the LP's working interest (the entitlement method);

ii. The LP retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii. "lt is probable that the economic benefit associated with the transaction will flow to the LP;“and“"

iv. It can be reliably measured and it is reasonable to expect ultimate collection.

Interest Income:

lnterest income from a financial asset is recognised when it is probable that the economic benefits will flow to the LP and the amount of income can be measured reliably. lnterest 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.

H. Interest in joint operations:

Oil and Gas Joint Ventures are in the nature of joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a LP entity undertake its activities under joint operations, the LP as a joint operator recognises in relation to its interest in a joint operation:

1. lts assets, including its share of any assets held jointly;
2. lts liabilities, including its share of any liabilities incurred jointly;
3. lts revenue from the sale of its share of the output arising from the joint operations;
4. lts share of revenue from the sale of the output by the joint operation; and
5. lts expenses, including its share of any expenses incurred jointly.

Notes to the financial statements for the year ended 31 December, 2016

I. 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. Impairment of financial assets

The LP 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 LP follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the LP 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 LP 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 LP 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.

Notes to the financial statements for the year ended 31 December, 2016

II. Derivative financial instruments (not designated as hedges)

Derivative financial instruments arising out of derivative contracts which are not designated as hedges by the LP, 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 LP 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 LP'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 LP 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:

In the application of the LP's accounting policies, the directors of the LP 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) Estimation of oil and gas reserve

The determination of the LP's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the LP's estimates of its oil and natural gas reserves. The LP assumes that it would develop its proved reserves within a period of five years. Though the LP estimates its proved reserves at the end of every quarter, proved reserves estimates as at the year-end are reviewed and certified by independent external reserve auditors.

Estimates of oil and natural gas reserves are used to calculate depletion charge for the LP's oil and gas properties. The impact of changes in estimated proved reserves is dealt with prospectively by amortizing the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If proved reserves estimates are revised downwards, profitability could be affected by changes in depletion expense or an immediate write-down of the property's carrying value.

(b) Provisions

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

The provision for decommissioning represents the present value of expenditure required to settle the obligation at the end of useful life of respective wells (maximum 50 years). The future cost of decommissioning a well is determined by applying appropriate long term inflation to current cost. Such future costs are then discounted at the Holding Company's Weighted Average Cost of Capital to arrive at the present value of the provision.

(c) Impairment of non-financial assets

The LP 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 LP 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

Notes to the financial statements for the year ended 31 December, 2016

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.

(d) Impairment of financial assets

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

2.5 FIRST TIME ADOPTION OF IND AS

The LP adopted Ind AS with effect from 1 January, 2016 with comparatives being restated. Accordingly, the impact of transition has been provided in the opening reserve as on 1 January, 2015 and all the periods presented have been restated accordingly. The overarching principle is to recognise all assets and liabilities whose recognition was required by Ind AS and de-recognise those where recognition is not so permitted. This however has certain exceptions together with optional exemptions availed, which are described below.

(i) Designation of previously recognised financial instruments exemption

The LP does not have any financial assets or liabilities as of the transition date which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at fair value through profit or loss.

(ii) Estimates

Upon an assessment of the estimates made under Indian GAAP, the LP has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Indian GAAP.

(iii) Derecognition of financial assets and liabilities

Financial assets and liabilities derecognised before transition date are not re-recognised under Ind AS.

(iv) Hedge accounting

The LP has not identified any hedging relationships existing as of the transition date. Consequently, this exception, of not reflecting in its opening Ind AS Balance Sheet a hedging relationship of a type that does not qualify for hedge accounting under Ind AS 109, is not applicable to the LP.

Notes to the financial statements for the year ended 31 December, 2016

3. PROPERTY, PLANT AND EQUIPMENT

In USD

Description	Gross block			Depletion			Net block
	As at 1st January, 2016	Additions/ Adjustments	**As at 31st December, 2016**	As at 1st January, 2016	For the Year	**As at 31st December, 2016**	**As at 31st December, 2016**
INTANGIBLE ASSETS (other than internally generated)							
Development rights (oil & gas) (Refer note 1)	2,173,558,953	153,606,726	**2,327,165,679**	1,094,280,151	173,958,945	**1,268,239,096**	**1,058,926,583**
Total	**2,173,558,953**	**153,606,726**	**2,327,165,679**	**1,094,280,151**	**173,958,945**	**1,268,239,096**	**1,058,926,583**
Intangible assets under development (Refer note 1)	147,081,740						91,375,856

Description	Gross block			Depletion			Net block
	As at 1st January, 2015	Additions/ Adjustments	**As at 31st December, 2015**	As at 1st January, 2015	For the Year	**As at 31st December, 2015**	**As at 31st December, 2015**
INTANGIBLE ASSETS (other than internally generated)							
Development rights (oil & gas) (Refer note 1)	1,687,187,534	486,371,419	**2,173,558,953**	878,712,053	215,568,098	**1,094,280,151**	**1,079,278,802**
Total	**1,687,187,534**	**486,371,419**	**2,173,558,953**	**878,712,053**	**215,568,098**	**1,094,280,151**	**1,079,278,802**
Intangible assets under development (Refer note 1)	246,453,119						147,081,740

Notes:

1. Borrowing cost capitalised during 2016 were $42.6 million ($22.3 million in 2015)

Notes to the financial statements for the year ended 31 December, 2016

4 INVENTORIES

(lower of cost and net realizable value)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Finished goods	1,326,654	194,366	294,817
	1,326,654	**194,366**	**294,817**

5 CASH AND CASH EQUIVALENTS

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Balance with banks	8,170	777,501	2,620,999
TOTAL	**8,170**	**777,501**	**2,620,999**

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

6 OTHER FINANCIAL ASSETS (CURRENT)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Revenue receivable	40,540,842	60,475,904	105,301,559
Commodity derivatives assets	-	11,311,038	984,159
Others	-	35,584	-
TOTAL	**40,540,842**	**71,822,526**	**106,285,718**

7 OTHER CURRENT ASSETS

(Unsecured and considered good)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Advances to operator	3,339,384	-	-
TOTAL	**3,339,384**	**-**	**-**

8 PARTNER'S CONTRIBUTION

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Reliance Eagleford Upstream LLC	228,327,165	228,327,165	228,327,165
Reliance Eagleford Upstream GP LLC	22,835	22,835	22,835
TOTAL	**228,350,000**	**228,350,000**	**228,350,000**

Notes to the financial statements for the year ended 31 December, 2016

9 SHARE OF NET INCOME

In USD

	As at 31st December, 2016		As at 31st December, 2015	
Opening balance	(1,633,484,338)		(1,552,238,957)	
(Loss) for the year	(220,165,678)		(81,245,381)	
		(1,853,650,016)		(1,633,484,338)
TOTAL		**(1,853,650,016)**		**(1,633,484,338)**

10 BORROWINGS (NON CURRENT)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Secured			
Term Loans from Banks (Refer note 10.1 and 10.2)	-	-	550,282,129
Unsecured			
Loan from a Partner (Refer note 10.3 & 29)	2,708,382,251	2,644,682,251	1,817,182,251
TOTAL	**2,708,382,251**	**2,644,682,251**	**2,367,464,380**

10.1 On October 19, 2012, LP executed a five-year revolving credit agreement with a syndicated bank Group (the Pioneer Credit Facility) which matures on 19 October 2017. The Pioneer Credit Facility had a maximum commitment of $1 billion. The Pioneer Credit Facility was held by mortgages on the LP's oil and gas properties and related assets. As at 1 January 2015, the outstanding loan was $554 million and the accrued interest was Nil. The loan has been repaid and the facility closed on 22 December 2015.

Borrowings under the Pioneer Credit Facility attracted interest at the Alternative Base Rate (ABR) or LIBOR (in respect to any Eurodollar borrowings) at the borrower's option. Interest was fixed at LIBOR or ABR plus the Applicable Interest Margin. The ABR is defined as the higher of the prime rate or the sum of the Federal Funds effective rate plus 0.5%. The LIBOR rate is defined as the applicable British Bankers' Association London Interbank Offered Rate (LIBOR) for deposits in U.S. Dollars.

10.2 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 Nil as at 31 December, 2016 & 31 December 2015 and $4 million as at 1 January, 2015 has been netted off against the carrying values of related borrowings.

10.3 The LP borrows funds from the Holding Company @ 5.5% per annum interest as per loan agreement.

11 PROVISIONS (NON CURRENT)

In USD

	As at 31st December, 2016		As at 31st December, 2015	
Decommissioning provision				
Beginning balance		15,770,061		9,808,003
Movements during the year				
For the year	1,965,034		5,055,046	
Unwinding of discount	748,338		473,932	
Changes in estimates	5,361,513	8,074,885	433,080	5,962,058
Closing balance		**23,844,946**		**15,770,061**

Notes to the financial statements for the year ended 31 December, 2016

11.1 The provision for decommissioning represents the present value of future probable obligations required to be settled on account of retirement of oil and gas assets at the end of its useful life (maximum 50 years). The future cost is determined by applying appropriate long term inflation to current cost. Such future costs are discounted at the Holding Company's WACC to arrive at the present value of provision.

12 TRADE PAYABLES *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Trade payables	61,655,441	29,904,779	28,834,453
TOTAL	**61,655,441**	**29,904,779**	**28,834,453**

The average credit period in respect of trade payables ranges between 15 days to 3 months.

13 OTHER FINANCIAL LIABILITIES (CURRENT) *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Creditors for capital expenditure	3,910,644	13,308,776	52,898,971
Interest accrued but not due on borrowings (Refer note 29)	21,074,855	49,745	26,258,472
Other payables to Related Party (Refer note 29)	1,949,368	573,661	2,754,812
TOTAL	**26,934,867**	**13,932,182**	**81,912,255**

14 REVENUE FROM OPERATIONS (NET) *In USD*

	2016	2015
Sale of products:		
Gas	59,953,017	91,817,135
Natural gas liquids	47,193,416	56,342,917
Condensate	149,399,039	257,365,729
TOTAL	**256,545,472**	**405,525,781**

15 OTHER INCOME *In USD*

	2016	2015
Interest income	96,598	32,739
Gain on derivatives (Net)	-	33,174,430
TOTAL	**96,598**	**33,207,169**

Notes to the financial statements for the year ended 31 December, 2016

16 SHARE OF OPERATING EXPENSES IN SHALE GAS OPERATIONS *In USD*

	2016	2015
Operating expenses	115,437,246	184,680,678
Commitment charges	49,217,609	3,388,719
Production taxes	7,454,643	17,814,040
TOTAL	**172,109,498**	**205,883,437**

17 CHANGES IN INVENTORIES OF FINISHED GOODS *In USD*

	2016	2015
Inventories (at close)		
Finished Goods	1,326,654	194,366
Inventories (at commencement)		
Finished Goods	194,366	294,817
TOTAL	**(1,132,288)**	**100,451**

18 EMPLOYEE BENEFITS EXPENSE *In USD*

	2016	2015
Salaries and wages (Refer note 29) #	2,324,014	1,504,160
TOTAL	**2,324,014**	**1,504,160**

represents allocation of expenses incurred by Holding Company, net of capitalisation.

19 FINANCE COSTS *In USD*

	2016	2015
Interest on loan from a partner (Refer note 29) #	106,010,084	81,366,015
Guarantee commission (Refer note 29) #	14,948,395	10,798,788
Unwinding of discount on provisions	748,338	473,932
Other borrowing costs	-	3,729,644
TOTAL	**121,706,817**	**96,368,379**

includes expense pertaining to transaction with related parties, net of capitalisation.

20 DEPLETION EXPENSE *In USD*

	2016	2015
Depletion of development rights	173,958,945	215,568,098
TOTAL	**173,958,945**	**215,568,098**

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Notes to the financial statements for the year ended 31 December, 2016

21 OTHER EXPENSES

In USD

	2016	2015
Legal and professional fees #	376,916	478,610
General expenses	81,911	75,000
Rates & taxes	2,957	196
Loss on derivatives (Net)	7,378,978	-
TOTAL	**7,840,762**	**553,806**

includes recharge of expenses incurred by Holding Company

22. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

The following disclosures summarize the Partnership's exposure to financial risks and information regarding measures employed to manage exposures to such risks.

Liquidity Risk:

Liquidity risk is the risk that the Partnership will not be able to meet its obligations as they fall due. The Partnership, 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 Partnership's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Partnership 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 2016 and 2015. Capital comprises of loans and Partner's contribution. The Partnership is not exposed to any externally imposed capital requirements.

Gearing ratio:

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

	As at 31st December, 2016	As at 31st December, 2015	As at 31st January, 2015
Debt #	2,708,382,251	2,644,682,251	2,371,182,251
Less: Cash and cash equivalents	8,170	777,501	2,620,999
Net debt	2,708,374,081	2,643,904,750	2,368,561,252
Total equity	(1,625,300,016)	(1,405,134,338)	(1,323,888,957)
Net debt to equity ratio	-167%	-188%	-179%

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 Partnership. The Partnership has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Notes to the financial statements for the year ended 31 December, 2016

23. FIRST TIME Ind AS ADOPTION RECONCILIATIONS

Effect of Ind AS adoption on the Balance Sheet as at 31 December, 2015 and 1 January, 2015

In USD

	Notes	As at 31st December, 2015			As at 1st January, 2015		
		Previous GAAP	**Effect of transition to Ind AS**	**Ind AS**	**Previous GAAP**	**Effect of transition to Ind AS**	**Ind AS**
ASSETS							
Non-Current Assets							
(a) Other intangible assets	I & II	2,730,926,389	(1,651,647,587)	1,079,278,802	2,488,794,979	(1,680,319,498)	808,475,481
(b) Intangible assets under development	I & II	676,923,566	(529,841,826)	147,081,740	784,885,629	(538,432,510)	246,453,119
Total Non-Current Assets		**3,407,849,955**	**(2,181,489,413)**	**1,226,360,542**	**3,273,680,608**	**(2,218,752,008)**	**1,054,928,600**
Current Assets							
(a) Inventories		194,366	-	194,366	294,817	-	294,817
(b) Financial assets							
(i) Cash and cash equivalents		777,501	-	777,501	2,620,999	-	2,620,999
(ii) Other financial assets		71,822,526	-	71,822,526	106,285,718	-	106,285,718
Total Current Assets		**72,794,393**	**-**	**72,794,393**	**109,201,534**	**-**	**109,201,534**
Total Assets		**3,480,644,348**	**(2,181,489,413)**	**1,299,154,935**	**3,382,882,142**	**(2,218,752,008)**	**1,164,130,134**
EQUITY AND LIABILITIES							
Equity							
(a) Partner's contribution		228,350,000	-	228,350,000	228,350,000	-	228,350,000
(b) Share of net income	I-III	535,552,925	(2,169,037,263)	(1,633,484,338)	652,464,550	(2,204,703,507)	(1,552,238,957)
Total Equity		**763,902,925**	**(2,169,037,263)**	**(1,405,134,338)**	**880,814,550**	**(2,204,703,507)**	**(1,323,888,957)**
Liabilities							
Non-Current Liabilities							
(a) Financial liabilities							
(i) Borrowings		2,644,682,251	-	2,644,682,251	2,367,464,380	-	2,367,464,380
(b) Provisions	III	28,222,211	(12,452,150)	15,770,061	23,856,504	(14,048,501)	9,808,003
Total Non-Current Liabilities		**2,672,904,462**	**(12,452,150)**	**2,660,452,312**	**2,391,320,884**	**(14,048,501)**	**2,377,272,383**
Current Liabilities							
(a) Financial liabilities							
(i) Trade payables		29,904,779	-	29,904,779	28,834,453	-	28,834,453
(ii) Other financial liabilities		13,932,182	-	13,932,182	81,912,255	-	81,912,255
Total Current Liabilities		**43,836,961**	**-**	**43,836,961**	**110,746,708**	**-**	**110,746,708**
Total Equity and Liabilities		**3,480,644,348**	**(2,181,489,413)**	**1,299,154,935**	**3,382,882,142**	**(2,218,752,008)**	**1,164,130,134**

Notes to the financial statements for the year ended 31 December, 2016

Reconciliation of total equity as at 31 December, 2015 and 1 January, 2015

In USD

	Notes	As at 31st December, 2015	As at 1st January, 2015
Total equity under previous GAAP		**763,902,925**	**880,814,550**
Change in accounting policy for Oil & Gas Activity -			
From Full Cost Method (FCM) to Successful Effort Method (SEM)	I	(2,169,037,263)	(1,322,473,507)
Fair valuation as deemed cost for other intangible assets	II	-	(882,230,000)
Total effect of transition to Ind AS		**(2,169,037,263)**	**(2,204,703,507)**
Total equity under Ind AS		**(1,405,134,338)**	**(1,323,888,957)**

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31 December, 2015

In USD

	Notes	Year ended 31st December, 2015		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME:				
Revenue from operations (Net)		405,525,781	-	405,525,781
Other income		33,207,169	-	33,207,169
Total income		**438,732,950**	**-**	**438,732,950**
EXPENSES:				
Share of operating expenses in shale gas operations	I & II	188,104,832	17,778,605	205,883,437
Changes in inventories of finished goods		100,451	-	100,451
Employee benefits expense		1,504,160	-	1,504,160
Finance costs	III	95,894,447	473,932	96,368,379
Depletion expense	I & II	269,486,879	(53,918,781)	215,568,098
Other expenses		553,806	-	553,806
Total expenses		**555,644,575**	**(35,666,244)**	**519,978,331**
(Loss) for the year		**(116,911,625)**	**35,666,244**	**(81,245,381)**
Other comprehensive income (OCI) #		**-**	**-**	**-**
Total comprehensive (loss) for the year		**(116,911,625)**	**35,666,244**	**(81,245,381)**

under the previous GAAP, there was no concept of Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expenses, gains or losses are required to presented in OCI.

Reconciliation of total comprehensive income for the year ended 31 December, 2015

In USD

	Notes	Year ended 31st December, 2015
Profit as per previous GAAP		**(116,911,625)**
Adjustments:		
Change in accounting policy for Oil & Gas Activity -		
From Full Cost Method (FCM) to Successful Effort Method (SEM)	I	35,666,244
Total comprehensive income as per Ind AS		**(81,245,381)**

Notes to the financial statements for the year ended 31 December, 2016

Effect of Ind AS adoption on the Statement of Cash Flows for the year ended 31 December, 2015

In USD

	Notes	Year ended 31st December, 2015		
		Previous GAAP	**Effect of transition to Ind AS**	**Ind AS**
Net Cash flows from operating activities	I-III	281,889,781	(17,778,605)	264,111,176
Net Cash flows from investing activities	I-III	(400,614,751)	18,252,537	(382,362,214)
Net Cash flows from financing activities	III	116,881,472	(473,932)	116,407,540
Net (decrease) in cash and cash equivalents		**(1,843,498)**	**-**	**(1,843,498)**
Cash and cash equivalents at the beginning of the period		2,620,999	-	2,620,999
Cash and cash equivalents at the end of the period		**777,501**	**-**	**777,501**

Notes:

I. Change in accounting policy for Oil & Gas Activity – from Full Cost Method (FCM) to Successful Efforts Method (SEM):

The impact on account of change in accounting policy from FCM to SEM is recognised in the Opening Reserves on 1 January, 2015 and consequential impact of depletion and write offs is recognised in the Statement of Profit and Loss for the year ended 31 December, 2015.

Major differences impacting such change of accounting policy are in the areas of;

- Expenditure on unproved wells, abandoned wells, seismic and expired leases and licenses which have been expensed under SEM which were hitherto being capitalised as per FCM in the previous Indian GAAP.
- Depletion on producing property in SEM is calculated using Proved Reserve / Proved Developed Reserve, as against Proved Reserve in FCM.

II. Fair valuation as deemed cost for other intangible assets:

The Partnership has considered fair value for property, viz gas producing wells in Shale region in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the opening reserves as on 1 January, 2015. The consequential impact on depletion is reflected in the Statement of Profit and Loss for the year ended 31 December, 2015.

III. Other adjustment comprises of Attributing time value of money to Assets Retirement Obligation:

Under Ind AS, such obligation is recognised and measured at present value. Under previous Indian GAAP it was recorded at cost. The impact for the periods subsequent to the date of transition is reflected in the Statement of Profit and Loss.

Overall Impact:

The net effect of the above changes is a decrease in total equity as on 1 January, 2015 of $2,205 million, decrease in loss for the year ended 31 December, 2015 of $36 million and resultant decrease in total equity as on 31 December, 2015 of $ 2,169 million.

24. PARTNERSHIP'S SHARE OF PROVED RESERVES

	Proved reserves (Million MT)		Proved developed reserves (Million MT)	
OIL:	**2016**	**2015**	**2016**	**2015**
Beginning of the year	21.26	23.50	5.87	7.44
Revision of estimates	(9.31)	(0.86)	(1.15)	(0.19)
Production	(1.05)	(1.38)	(1.05)	(1.38)
Closing balance for the year	**10.90**	**21.26**	**3.67**	**5.87**

Notes to the financial statements for the year ended 31 December, 2016

	Proved reserves (Million M^3)		Proved developed reserves (Million M^3)	
Gas:	**2016**	**2015**	**2016**	**2015**
Beginning of the year	15,335	16,012	4,040	5,123
Revision of estimates	(7,032)	290	(805)	(116)
Production	(716)	(967)	(716)	(967)
Closing balance for the year	**7,587**	**15,335**	**2,519**	**4,040**

Note: 1 Cubic meter (M^3) = 35.315 cubic feet, 1 cubic feet = 1000 BTU and 1 MT = 7.5 bbl

The movement in proved reserves is due to production during the year, lower performance of down spaced Proved Developed Producing wells, revision in type curves, lower Proved Undeveloped count due to slower developmental activity and lower well count due to upspacing in priority units.

Reserve estimates are based on subjective judgments involving geological and engineering assessments of in place hydrocarbon volumes, the historical production, and operating limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting the hydrocarbons. Partnership estimates its proved reserves at the end of every quarter, proved reserves estimates as at the year-end are reviewed and certified by independent external reserve auditors.

25. CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Financial assets				
A. Measured at fair value through profit or loss (FVTPL)				
(i) Commodity derivative assets	6	-	11,311,038	984,159
B. Measured at amortised cost (AC)				
(i) Cash and cash equivalents	5	8,170	777,501	2,620,999
(ii) Revenue receivable	6	40,540,842	60,475,904	105,301,557
(iii) Margin money deposit	6	-	35,584	-
Financial liabilities				
A. Measured at amortised cost (AC)				
(i) Borrowings				
(a) Non-current	10	2,708,382,251	2,644,682,251	2,367,464,380
(ii) Trade payables	12	61,655,441	29,904,779	28,834,453
(iii) Creditors for capital expenditure	13	3,910,644	13,308,776	52,898,971
(iv) Interest accrued but not due on borrowings	13	21,074,855	49,745	26,258,472
(v) Other payables to related party	13	1,949,368	573,661	2,754,812

Notes to the financial statements for the year ended 31 December, 2016

26. FAIR VALUE MEASUREMENT:

In USD

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)
NIL				

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 31 December, 2015	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Commodity derivative assets (Refer note 6)	11,311,038	11,311,038	NA	NA

Financial assets / liabilities recognised at fair value through profit or loss	Fair value as at 1 January, 2015	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Commodity derivative assets (Refer note 6)	984,159	984,159	NA	NA

27. DISCLOSURE OF THE PARTNERSHIP'S INTEREST IN OIL AND GAS VENTURES (JOINT OPERATION)

The LP has assessed the nature of its joint arrangements and determined them to be joint operations. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement.

Name of the unincorporated Joint Venture	**Company's % interest**	**Partners and their participating interest**	**Country**
EFS JDA Partnership	45%	Pioneer Natural Resources USA Inc. - 46.354% (Operator) Newpek LLC - 8.646% (Non operator)	USA

Previous year's interests are same as current year.

28. GOING CONCERN CONSIDERATIONS:

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

Notes to the financial statements for the year ended 31 December, 2016

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 Holding USA Inc.	Holding Company (Control exists)
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Eagleford Upstream LLC	Partner
Reliance Eagleford Upstream GP LLC	Partner

Related Party Transactions

In USD

Name of the related party	Balances as at year end	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Reliance Holding USA Inc.	Standby Letter of Credit	30,000,000	30,000,000	-
Reliance Eagleford Upstream LLC	Interest accrued but not due on borrowings	21,074,855	49,745	26,258,472
Reliance Eagleford Upstream LLC	Loan from Partner	2,708,382,251	2,644,682,251	1,817,182,251
Reliance Holding USA Inc.	Other payable	1,949,368	573,661	2,746,262
Reliance Eagleford Upstream LLC	Other payable	-	-	8,550

In USD

Name of the related party	For the years ended Nature of transaction Refer to Statement of Profit and Loss)	31 December, 2016	31 December, 2015
Reliance Holding USA Inc.	Guarantee commission	14,948,395	10,798,788
Reliance Holding USA Inc.	Allocated salaries and wages	2,324,014	2,790,123
Reliance Eagleford Upstream LLC	Interest expense	148,606,685	103,592,350
Reliance Holding USA Inc.	Other costs	352,386	443,409

30. CONTINGENT LIABILITIES AND COMMITMENTS

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Capital commitments	90,300,000	59,075,000	-

31. SEGMENT REPORTING

The Partnership is in the business of development and production of oil and gas from shale reservoirs in the United States of America. Consequently, there is a single business and geographical segment.

32. The financial statements are approved for issue by the Holding Company's Board of Directors on 20 April, 2017.

For and on behalf of the Partnership

Walter Van de Vijver Director	Gopal Krishnan Officer
Place: Houston Date: 20 April, 2017	Houston 20 April, 2017