Reliance Marcellus II LLC
Financial Statements
2016-17

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF RELIANCE MARCELLUS II LLC.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Reliance Marcellus II LLC. ("the Company"), 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 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 changes in equity of the Company in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, 2016, 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.

(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)

Mumbai, dated:21st April, 2017

Membership No. 102912

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	118,859,824	136,735,895	163,571,842
Total Non-Current Assets		**118,859,824**	**136,735,895**	**163,571,842**
Current Assets				
(a) Financial assets				
(i) Cash and cash equivalents	4	29,206	972,648	391,276
(ii) Other financial assets	5	5,870,917	842,002	5,522,862
(b) Other current assets	6	27,740	1,082,642	322,087
Total Current Assets		**5,927,863**	**2,897,292**	**6,236,225**
Total Assets		**124,787,687**	**139,633,187**	**169,808,067**
EQUITY AND LIABILITIES				
Equity				
(a) Member's contribution	7	525,605,000	525,605,000	325,605,000
(b) Other equity	8	(709,121,912)	(684,718,724)	(644,731,671)
Total Equity		**(183,516,912)**	**(159,113,724)**	**(319,126,671)**
Liabilities				
Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	9	298,390,000	295,050,000	467,582,104
(b) Provisions	10	1,920,553	1,373,830	1,278,768
Total Non-Current Liabilities		**300,310,553**	**296,423,830**	**468,860,872**
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	11	3,327,866	572,449	4,529,308
(ii) Other financial liabilities	12	4,666,180	1,750,632	15,544,558
Total Current Liabilities		**7,994,046**	**2,323,081**	**20,073,866**
Total Equity and Liabilities		**124,787,687**	**139,633,187**	**169,808,067**
Corporate information and significant accounting policies and notes to the financial statements	1-30			

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle	Walter Van de Vijver	Gopal Krishnan
Partner	Director	Officer
Membership No. 102912		
Place: Mumbai	Place : Houston	Houston
Date: 21 April, 2017	Date : 20 April, 2017	20 April, 2017

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

In USD

	Notes	2016	2015
INCOME:			
Revenue from operations (Net)	13	21,199,243	17,432,957
Other income	14	50,202	2,321,429
Total income		**21,249,445**	**19,754,386**
EXPENSES:			
Share of operating expenses in shale gas operations	15	8,485,656	19,523,102
Employee benefits expense	16	393,785	308,564
Finance costs	17	17,923,976	23,951,694
Depletion expense	18	18,728,851	15,158,036
Other expenses	19	120,365	800,043
Total expenses		**45,652,633**	**59,741,439**
(Loss) for the year		**(24,403,188)**	**(39,987,053)**
Other comprehensive income (OCI)		-	-
Total comprehensive (loss) for the year		**(24,403,188)**	**(39,987,053)**
Corporate information and significant accounting policies and notes to the financial statements	1-30		

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle	Walter Van de Vijver	Gopal Krishnan
Partner	Director	Officer
Membership No. 102912		
Place: Mumbai	Place : Houston	Houston
Date: 21 April, 2017	Date : 20 April, 2017	20 April, 2017

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

A. MEMBER'S CONTRIBUTION

In USD

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
325,605,000	200,000,000	525,605,000	-	525,605,000

B. OTHER EQUITY

In USD

Year ended 31 December 2015	
Balance as at 1 January, 2015	(644,731,676)
(Loss) for the year	(39,987,053)
Balance as at 31 December, 2015	**(684,718,729)**
Year ended 31 December 2016	
Balance as at 1 January, 2016	(684,718,729)
(Loss) for the year	(24,403,188)
Balance as at 31 December, 2016	**(709,121,917)**

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

In USD

	Notes	2016	2016	2015	2015
Cash flows from operating activities					
(Loss) before tax as per Statement of Profit and Loss			(24,403,188)		(39,987,053)
Adjustments for:					
Finance costs recognised in profit or loss	17	17,923,976		23,951,694	
Loss on sale / discarding of assets	19	-		482,892	
Depletion expense	18	18,728,851		15,158,036	
Unrealised gain on derivatives (net)	14	-		1,520,686	
			36,652,827		41,113,308
Operating profit before working capital changes			12,249,639		1,126,255
Movements in working capital:					
(Increase) / decrease in trade and other receivables	5, 6	(3,974,013)		2,399,619	
Increase / (decrease) in trade payables	11	2,772,510		(4,152,077)	
			(1,201,503)		(1,752,458)
Cash generated from / (used in) operating activities			**11,048,136**		**(626,203)**
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	3		-		73,242
Payments for property, plant and equipment	3		(423,770)		295,244
Net cash (used in) / generated from investing activities			**(423,770)**		**368,486**
Cash flows from financing activities					
Proceeds from long term borrowings	9		-		135,000,000
Repayment of long term borrowings	9		-		(253,000,000)
Proceeds of loan from Holding Company	9		3,340,000		259,400,000
Repayment of loan from Holding Company	9		-		(115,000,000)
Finance costs	17		(14,907,808)		(25,560,911)
Net cash (used in) / generated from financing activities			**(11,567,808)**		**839,089**
Net (decrease) / increase in cash and cash equivalents			(943,442)		581,372
Cash and cash equivalents at the beginning of the year	4		972,648		391,276
Cash and cash equivalents at the end of the year (Refer note 4)			**29,206**		**972,648**
Corporate information and significant accounting policies and notes to the financial statements	1-30				

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 Board

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 Marcellus II LLC (the Company) was incorporated as a limited liability company on 28 June 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at 1675 S. State Street, Suite B, Dover, Delaware 19901, United States of America. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses.

The Company is a wholly owned subsidiary of Reliance Holding USA, Inc. (the Holding Company). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian Listed Company.

B. On 4 August 2010, the Company executed definitive agreements to enter into a joint venture with Carrizo Oil & Gas Inc. (Carrizo) and ACP Marcellus II LLC under which the Company acquired a 60% interest in the existing joint venture's Marcellus Shale acreage position for $340 million in cash and $52 million of drilling carry obligation. The drilling carry obligation provide for 75% of Carrizo's share of development costs over an anticipated two-year development program. In addition, the Company funds its share of the development plan. Carrizo conveyed 20% of its acreage and Avista conveyed 100% of its acreage. The Company holds 60% of the acreage of the joint venture, the net acreage of which is 104,376 net acres. Carrizo is the operator, with 40% participating interest. In November 2012, the Company fully met its $52 million drilling carry commitment.

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.

Upto the year ended December 31, 2015, the Company 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 Company'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 Company.

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.

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 Company 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.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

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

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

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

Decommissioning liability:

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

G. 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.

Revenue is recognised net of royalties.

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 title passes to the customer. Revenue from the production of oil and gas in which the Company has an interest with other producers is recognised based on the Company's working interest (the entitlement method);

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

ii. The Company 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 Company;

and

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

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 Company undertakes its activities under joint operations, the Company 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.

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 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.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

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.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

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) Estimation of oil and gas reserve

The determination of the Company'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 Company's estimates of its oil and natural gas reserves. The Company assumes that it would develop its proved reserves within a period of five years. Though the Company 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 Company'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.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

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 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.

(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 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 FIRST TIME ADOPTION OF IND AS

The Company 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 Company 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 Company 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 Company 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 Company.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT

In USD

Description	Gross Block				Depletion			Net Block
	As at 1st January, 2016	Additions / Adjustments	Deductions/ 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)	246,181,920	852,780	-	**247,034,700**	109,446,025	18,728,851	**128,174,876**	**118,859,824**
Total	**246,181,920**	**852,780**	**-**	**247,034,700**	**109,446,025**	**18,728,851**	**128,174,876**	**118,859,824**

Description	Gross Block				Depletion			Net Block
	As at 1st January, 2016	Additions / Adjustments	Deductions/ 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)	257,859,831	-	11,677,911	**246,181,920**	94,287,989	15,158,036	**109,446,025**	**136,735,895**
Total	**257,859,831**	**-**	**11,677,911**	**246,181,920**	**94,287,989**	**15,158,036**	**109,446,025**	**136,735,895**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

4 CASH AND CASH EQUIVALENTS

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Balance with banks	29,206	972,648	391,276
TOTAL	**29,206**	**972,648**	**391,276**

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

5 OTHER FINANCIAL ASSETS (CURRENT)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Revenue receivable	5,870,917	842,002	4,002,176
Commodity derivatives assets	-	-	1,520,686
TOTAL	**5,870,917**	**842,002**	**5,522,862**

6 OTHER CURRENT ASSETS

(Unsecured and considered good)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Advance to operator	-	1,054,902	-
Advances - others #	27,740	27,740	322,087
TOTAL	**27,740**	**1,082,642**	**322,087**

includes prepaid expenses.

7 MEMBER'S CONTRIBUTION

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Contribution by Holding Company	525,605,000	525,605,000	325,605,000
TOTAL	**525,605,000**	**525,605,000**	**325,605,000**

8 OTHER EQUITY

In USD

	As at 31st December, 2016		As at 31st December, 2015	
Opening balance	(684,718,724)		(644,731,671)	
(Loss) for the year	(24,403,188)		(39,987,053)	
		(709,121,912)		(684,718,724)
TOTAL		**(709,121,912)**		**(684,718,724)**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

9 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 9.1 & 9.2)	-	-	116,932,104
Unsecured			
Loan from Holding Company (Refer note 9.3)	298,390,000	295,050,000	350,650,000
TOTAL	**298,390,000**	**295,050,000**	**467,582,104**

9.1 On 9 May 2013, Reliance Marcellus II LLC executed a five year revolving credit agreement with a syndicated bank group (the Carrizo Credit Facility) which was to mature on 9 May 2018. The Carrizo Credit Facility had a maximum commitment of $300 million. The Carrizo Credit Facility was held by mortgages on the subsidiary's oil and gas properties and related assets. As at 1 January 2015, the outstanding loan was $118 million and the accrued interest was $2 thousand. The loan has since been repaid and the facility closed on 22 December 2015.

Borrowings under the Carrizo Credit Facility attracted interest at the ABR or LIBOR (in respect to any Eurodollar borrowings) at the borrower's option. Interest was to be fixed at LIBOR or ABR plus the applicable Interest Margin.

9.2 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 $1 million as at 1 January, 2015 has been netted off against the carrying values of related borrowings.

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

10 PROVISIONS (NON CURRENT)

In USD

	As at 31st December, 2016		As at 31st December, 2015	
Decommissioning provision				
Beginning balance		1,373,830		1,278,768
Movements during the year				
For the year	27,134		24	
Unwinding of discount	63,895		62,255	
Changes in estimates	455,694	546,723	32,783	95,062
Closing balance		**1,920,553**		**1,373,830**

10.1 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 then discounted at the Holding Company's WACC to arrive at the present value of the provision.

11 TRADE PAYABLES

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Trade payables	3,327,866	572,449	4,529,308
TOTAL	**3,327,866**	**572,449**	**4,529,308**

The average credit period in respect of trade payables ranges between 15 days to 2 months.

12 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		1,381,251		1,498,963		12,420,561
Interest accrued but not due on borrowings						
To Related Party (Refer note 28)	3,029,865		13,697		2,688,995	
To others	-	3,029,865	-	13,697	1,812	2,690,807
Other payables to Related Party (Refer Note 28)		255,064		237,972		433,190
TOTAL		**4,666,180**		**1,750,632**		**15,544,558**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

13 REVENUE FROM OPERATIONS (NET)

In USD

	2016	2015
Sale of products:		
Gas	21,199,243	17,432,957
TOTAL	**21,199,243**	**17,432,957**

14 OTHER INCOME

In USD

	2016	2015
Gain on derivatives (Net)	-	2,185,175
Miscellaneous Income	50,202	136,254
TOTAL	**50,202**	**2,321,429**

15 SHARE OF OPERATING EXPENSES IN SHALE GAS OPERATIONS

In USD

	2016	2015
Midstream expenses	274,522	538,203
Operating expenses	6,466,030	11,091,385
Operator’s general and administrative expenses	1,166,667	6,814,891
Marketing expenses	16,202	16,230
Production taxes	562,235	1,062,393
TOTAL	**8,485,656**	**19,523,102**

16 EMPLOYEE BENEFITS EXPENSE

In USD

	2016	2015
Salaries and wages #	393,785	308,564
TOTAL	**393,785**	**308,564**

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

17 FINANCE COSTS

In USD

	2016	2015
Interest on loan from Holding Company (Refer note 28)	16,359,531	20,981,217
Guarantee commission (Refer note 28)	1,496,219	1,819,137
Unwinding of discount on provisions	63,895	62,255
Other borrowing costs	4,331	1,089,085
TOTAL	**17,923,976**	**23,951,694**

18 DEPLETION EXPENSE

In USD

	2016	2015
Depletion of development rights	18,728,851	15,158,036
TOTAL	**18,728,851**	**15,158,036**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

19 OTHER EXPENSES

In USD

	2016	2015
Legal and professional fees #	96,019	271,630
General expenses #	1,246	39,046
Operating lease rentals (Refer note 27)	22,800	5,700
Rates & taxes	300	775
Loss on sale / discarding of property, plant and equipment	-	482,892
TOTAL	**120,365**	**800,043**

including recharge of expenses incurred by Holding Company

20. 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 cash and cash equivalents and other receivables.

The following disclosures summarize the Company's exposure to financial risks and information regarding measures employed to manage exposure 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 2016 and 2015. Capital comprises of loans and member's contribution. The Company 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 1st January, 2015**
Debt #	298,390,000	295,050,000	468,650,000
Less: Cash and cash equivalents	29,206	972,648	391,276
Net debt	298,360,794	294,077,352	468,258,724
Total equity	(183,516,912)	(159,113,724)	(319,126,671)
Net debt to equity ratio	-163%	-185%	-147%

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.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

21. 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	263,136,897	(126,401,002)	136,735,895	372,196,209	(208,624,367)	163,571,842
(b) Intangible assets under development	I & II	98,820,432	(98,820,432)	-	171,209,586	(171,209,586)	-
Total Non-Current Assets		**361,957,329**	**(225,221,434)**	**136,735,895**	**543,405,795**	**(379,833,953)**	**163,571,842**
Current Assets							
(a) Financial assets							
(i) Cash and cash equivalents		972,648	-	972,648	391,276	-	391,276
(ii) Other financial assets		842,002	-	842,002	5,522,862	-	5,522,862
(b) Other current assets		1,082,642	-	1,082,642	322,087	-	322,087
Total Current Assets		**2,897,292**	**-**	**2,897,292**	**6,236,225**	**-**	**6,236,225**
Total Assets		**364,854,621**	**(225,221,434)**	**139,633,187**	**549,642,020**	**(379,833,953)**	**169,808,067**
EQUITY AND LIABILITIES							
Equity							
(a) Member's contribution		525,605,000	-	525,605,000	325,605,000	-	325,605,000
(b) Other equity	I-III	(463,190,397)	(221,528,327)	(684,718,724)	(268,685,779)	(376,045,892)	(644,731,671)
Total Equity		**62,414,603**	**(221,528,327)**	**(159,113,724)**	**56,919,221**	**(376,045,892)**	**(319,126,671)**
Liabilities							
Non-Current Liabilities							
(a) Financial liabilities							
(i) Borrowings		295,050,000	-	295,050,000	467,582,104	-	467,582,104
(b) Provisions	III	5,066,937	(3,693,107)	1,373,830	5,066,829	(3,788,061)	1,278,768
Total Non-Current Liabilities		**300,116,937**	**(3,693,107)**	**296,423,830**	**472,648,933**	**(3,788,061)**	**468,860,872**
Current Liabilities							
(a) Financial liabilities							
(i) Trade payables		572,449	-	572,449	4,529,308	-	4,529,308
(ii) Other financial liabilities		1,750,632	-	1,750,632	15,544,558	-	15,544,558
Total Current Liabilities		**2,323,081**	**-**	**2,323,081**	**20,073,866**	**-**	**20,073,866**
Total Equity and Liabilities		**364,854,621**	**(225,221,434)**	**139,633,187**	**549,642,020**	**(379,833,953)**	**169,808,067**

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		**62,414,603**	**56,919,221**
Change in accounting policy for Oil & Gas Activity - From Full Cost Method (FCM) to Successful Effort Method (SEM)	I	(269,232,773)	(256,485,892)
Fair valuation as deemed cost for other intangible assets	II	47,704,446	(119,560,000)
Total effect of transition to Ind AS		**(221,528,327)**	**(376,045,892)**
Total equity under Ind AS		**(159,113,724)**	**(319,126,671)**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

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)		17,432,957	-	17,432,957
Other income		2,321,429	-	2,321,429
Total income		**19,754,386**	**-**	**19,754,386**
EXPENSES:				
Share of operating expenses in shale gas operations	I & II	9,923,562	9,599,540	19,523,102
Employee benefits expense		308,564	-	308,564
Finance costs	I & II	13,225,335	10,726,359	23,951,694
Depletion expense	I & II	22,737,054	(7,579,018)	15,158,036
Other expenses	II	168,064,489	(167,264,446)	800,043
Total expenses		**214,259,004**	**(154,517,565)**	**59,741,439**
(Loss) for the year		**(194,504,618)**	**154,517,565**	**(39,987,053)**
Other comprehensive income (OCI) #		-	-	-
Total comprehensive (loss) for the year		**(194,504,618)**	**154,517,565**	**(39,987,053)**

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			**(194,504,618)**
Adjustments:			
Change in accounting policy for Oil & Gas Activity - From Full Cost Method (FCM) to Successful Effort Method (SEM)	I	(12,746,881)	
Fair valuation as deemed cost for other intangible assets	II	167,264,446	154,517,565
Total comprehensive income as per Ind AS			**(39,987,053)**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

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	8,973,337	(9,599,540)	(626,203)
Net Cash flows from investing activities	I-III	(9,293,309)	9,661,795	368,486
Net Cash flows from financing activities	III	901,344	(62,255)	839,089
Net (decrease) in cash and cash equivalents		**581,372**	**-**	**581,372**
Cash and cash equivalents at the beginning of the period		391,276	-	391,276
Cash and cash equivalents at the end of the period		**972,648**	-	**972,648**

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 Company 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 and reversal of impairment 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 $376 million, increase in profit for the year ended 31 December, 2015 of $155 million and resultant decrease in total equity as on 31 December, 2015 of $222 million.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

22. COMPANY'S SHARE OF PROVED RESERVES

	Proved reserves (Million M^3)		Proved developed reserves (Million M^3)	
Gas:	**2016**	**2015**	**2016**	**2015**
Beginning of the year	6,015	6,464	4,817	5,346
Revision of estimates	334	74	263	(6)
Production	(591)	(523)	(591)	(523)
Closing balance for the year	**5,758**	**6,015**	**4,489**	**4,817**

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, due to better performance in Wyoming county wells and updated lateral length.

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. Company 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.

23. 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	5	-	-	1,520,686
B. Measured at amortised cost (AC)				
(i) Cash and cash equivalents	4	29,206	972,648	391,276
(ii) Revenue receivable	5	5,870,917	842,002	4,002,176
Financial liabilities				
A. Measured at amortised cost (AC)				
(i) Borrowings				
(a) Non-current	9	298,390,000	295,050,000	467,582,104
(ii) Trade payables	11	3,327,866	572,449	4,529,308
(iii) Creditors for capital expenditure	12	1,381,251	1,498,963	12,420,561
(iv) Interest accrued but not due on borrowings	12	3,029,865	13,697	2,690,807
(v) Other payable	12	255,064	237,972	433,190

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

24. FAIR VALUE MEASUREMENT:

In USD

Financial assets / liabilities recognised at fair value through profit or loss		Fair value hierarchy		
	Fair value as at 31 December, 2016	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 hierarchy		
	Fair value as at 31 December, 2015	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 hierarchy		
	Fair value as at 1 January, 2015	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Commodity derivative assets (Refer note 5)	1,520,686	1,520,686	NA	NA

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

The Company 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
Carrizo Marcellus Joint Venture	60%	Carrizo Marcellus LLC - 40% (Operator)	USA

Previous year's interests are same as current year.

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 its Holding Company and Reliance Industries Limited (RIL), the ultimate 100 % 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 (Contd.)

27. LEASES

Non-cancellable operating lease commitments:

The Company has taken premises on non-cancellable operating lease basis upto 1 November, 2017. The future minimum rentals are as follows:

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Not later than 1 year	19,000	19,000	-
Later than 1 year and not later than 5 year	-	-	-
Later than 5 year	-	-	-
TOTAL	**19,000**	**19,000**	**-**

Lease payments recognised in the Statement of Profit and Loss in connection with the above for the year 2016 & 2015 are USD 22800 and USD 5700 respectively.

28. 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)

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 1 January 2015
Reliance Holding USA Inc.	Standby Letter of Credit given by	282,663	282,663	282,663
Reliance Holding USA Inc.	Borrowings	298,390,000	295,050,000	350,650,000
Reliance Holding USA Inc.	Other payable	255,064	237,972	433,190
Reliance Holding USA Inc.	Interest accrued but not due on borrowings	3,029,865	13,697	2,688,995

In USD

Name of the related party	Nature of transaction (Refer to Statement of Profit and Loss)	For the years ended 31 December 2016	For the years ended 31 December 2015
Reliance Holding USA Inc.	Guarantee commission	1,496,219	1,819,137
Reliance Holding USA Inc.	Allocated salaries and wages	393,785	572,367
Reliance Holding USA Inc.	Interest cost	16,359,531	20,981,217
Reliance Holding USA Inc.	Other costs	14,928	272,569

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

29. CONTINGENT LIABILITIES AND COMMITMENTS

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Capital commitments	1,544,000	1,200,000	-
Contingent liabilities - standby letter of credit	397,260	397,260	499,260

30. SEGMENT REPORTING

The company 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.

For and on behalf of the Board

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