

Reliance USA Gas Marketing LLC

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF RELIANCE GAS MARKETING LLC.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RELIANCE GAS MARKETING LLC**. (hereinafter referred to as 'the Company') which comprises of the Balance Sheet as at 31st December, 2015, the Profit and Loss Statement, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2015, and its profit and its cash flows for the year ended on that date.

Other matters

The numbers for the corresponding year ended 31st December, 2015 included in the financial statements are unaudited.

Other Reporting Requirements

We further report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
- (b) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone financial statements.

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

(Abhijit A. Damle)
(Partner)
(Membership No. 102912)

Mumbai, dated: 31st March, 2016

BALANCE SHEET AS AT 31 DECEMBER 2015

In USD

	Note	As at 31st Dec, 2015	As at 31st Dec, 2014
EQUITY AND LIABILITIES			
Member's Capital			
Member contribution	1	4,100	4,100
Member's net income	2	(2,033)	(2,033)
		<u>2,067</u>	<u>2,067</u>
TOTAL		<u>2,067</u>	<u>2,067</u>
ASSETS			
Non-Current Assets			
Other non-current assets	3	2,067	2,067
TOTAL		<u>2,067</u>	<u>2,067</u>

*Corporate information and significant
Accounting Policies and
Notes to the financial statements.*

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As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912

President

Place: MUMBAI
Date: 31st March, 2016

Place: HOUSTON
Date: March 31, 2016

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	<u>2015</u>	<u>2014</u>
			<i>In USD</i>
EXPENDITURE:			
Finance Costs	4	-	91
Total Expenses		<u>-</u>	<u>91</u>
(Loss) for the year		<u>-</u>	<u>(91)</u>
<i>Corporate Information and Significant Accounting Policies and Notes to the financial statements</i>	1-6		

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912

President

Place: MUMBAI
Date: 31st March, 2016

Place: HOUSTON
Date: March 31, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u>	<i>In USD</i> <u>2014</u>
A: CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) for the year as per Profit and Loss Statement	-	(91)
Operating Profit before Working Capital Changes	-	(91)
Net Cash from Operating Activities	-	(91)
B: CASH FLOW FROM FINANCING ACTIVITIES		
Payment to Holding Company	-	(2,067)
Net Cash Used in Financing Activities	-	(2,067)
Net Decrease in Cash and Cash Equivalents	-	(2,158)
Opening Balance of Cash and Cash Equivalents	-	2,158
Closing Balance of Cash and Cash Equivalents	-	-

*Corporate Information and Significant Accounting Policies and
Notes to the financial statements*

1-6

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner
Membership No. 102912

President

Place: MUMBAI
Date: 31st March, 2016

Place: HOUSTON
Date: March 31, 2016

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

I. CORPORATE INFORMATION

Reliance USA Gas Marketing LLC (the Company) was incorporated as a Delaware limited liability company on 10 April, 2012. The registered office of the Company is situated at 1674 S State Street, Suite B, Dover, Delaware 19901, United States of America. The Company is engaged in the business of marketing of hydrocarbon products.

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.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) including Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements are prepared on accrual basis under the Historical cost convention.

The numbers for the corresponding year ended 31st December, 2015 included in the financial statements are unaudited.

III. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/ materialized.

B. Revenue Recognition:

Revenue is recognized only when the risk and reward incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection.

C. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized in the financial statements and are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

D. Income Taxes:

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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. MEMBER CONTRIBUTION

	As at 31st Dec, 2015	As at 31st Dec, 2014
		<i>In USD</i>
Member Contribution:		
Reliance Holding USA Inc.	4,100	4,100
TOTAL	4,100	4,100

2. MEMBER'S NET INCOME

	As at 31st Dec, 2015	As at 31st Dec, 2014
		<i>In USD</i>
Profit and Loss Account		
As per last Balance Sheet	(2,033)	(1,942)
Add : (Loss) for the year	-	(91)
	(2,033)	(2,033)
TOTAL	(2,033)	(2,033)

3. OTHER NON-CURRENT ASSETS

	As at 31st Dec, 2015	As at 31st Dec, 2014
		<i>In USD</i>
Receivable from Holding Company	2,067	2,067
TOTAL	2,067	2,067

4. FINANCE COSTS

	2015	2014
		<i>In USD</i>
Bank charges	-	91
TOTAL	-	91

5. RELATED-PARTY DISCLOSURES

(i) List of related parties where control exists and related parties where transactions have taken place:

Name of the related party	Relationship
Reliance Holding USA Inc.	Holding company (control exists)
Reliance Industries Ltd.	Ultimate Holding company (control exists)

(ii) Related-Party Transactions

Name of the related party	Balances as at year end	As at 31 December	
		2015	2014
Reliance Holding USA Inc.	Other non-current assets	2,067	2,067

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. SEGMENT REPORTING

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