

# **ETHANE OPAL LLC**

**Financial Statements  
(2018-19)**

## Independent Auditor's Report

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### TO THE BOARD OF DIRECTORS OF ETHANE OPAL LLC

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of **ETHANE OPAL LLC** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Member's Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in member's fund for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with these Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

##### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

##### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in Member's Funds of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Reporting Requirements**

Based on our audit, we report that:

1. 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.
2. In our opinion, proper books of account have been kept by the Company so far as it appears from our examination of those books.
3. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Member's Funds dealt with by this report are in agreement with the books of account.
4. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

#### **Other Matters**

This report is issued for the information and use of the board of directors of the Company and of Reliance Industries Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

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

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

Mumbai, dated: 17 April 2019

## Balance Sheet as at 31st March, 2019

	Notes	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	<u>106,829,998</u>	<u>112,273,093</u>
<b>Total Non Current Assets</b>		<b>106,829,998</b>	112,273,093
<b>Current Assets</b>			
Financial Assets			
Cash and cash equivalents	2	1,856,373	39,845
Other Financial Assets	3	2,449,000	3,552,238
Other Current Assets	4	<u>2,233,020</u>	<u>2,452,326</u>
<b>Total Current Assets</b>		<b>6,538,393</b>	6,044,409
<b>Total Assets</b>		<b><u>113,368,391</u></b>	<b><u>118,317,502</u></b>
<b>MEMBER'S FUND AND LIABILITIES</b>			
<b>Member's Fund</b>			
Member's contributions	5	25,837,500	25,837,500
Member's Funds-Others	6	<u>6,332,842</u>	<u>3,980,430</u>
		<b>32,170,342</b>	29,817,930
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	7	71,555,012	79,505,569
<b>Current Liabilities</b>			
Financial Liabilities			
Other Financial Liabilities	8	8,584,959	8,584,536
Other Current Liabilities	9	<u>1,058,078</u>	<u>409,467</u>
<b>Total Current Liabilities</b>		<b>9,643,037</b>	8,994,003
<b>Total Liabilities</b>		<b><u>113,368,391</u></b>	<b><u>118,317,502</u></b>

Significant Accounting Policies

See accompanying Notes to the Financial Statements 1 to 21

In terms of our report attached

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

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 17<sup>th</sup> April, 2019

**For and on behalf of the Board**

**Dipankar Dhruva Sen**  
Director

Place: Dubai  
Date: 16<sup>th</sup> April, 2019

## Statement of Profit and Loss for the year ended 31st March, 2019

	Note	2018-19	(Amount in \$) 2017-18
<b>INCOME</b>			
Revenue from Operations	10	11,315,000	11,315,000
Other Income	11	256,821	-
<b>Total Revenue</b>		<u>11,571,821</u>	<u>11,315,000</u>
<b>EXPENDITURE</b>			
Depreciation	1	5,499,810	5,499,161
Finance Costs	12	3,311,571	3,103,736
Other Expenses	13	215,226	209,757
<b>Total Expenses</b>		<u>9,026,607</u>	<u>8,812,654</u>
<b>Profit for the year</b>		<u>2,545,214</u>	<u>2,502,346</u>
<b>Other Comprehensive Income for the year</b>		<u>(192,802)</u>	<u>833,066</u>
Items that will be reclassified to profit or loss			
<b>Total Comprehensive Income for the year</b>		<u>2,352,412</u>	<u>3,335,412</u>
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 21		

In terms of our report attached

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

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 17<sup>th</sup> April, 2019

**For and on behalf of the Board**

**Dipankar Dhruva Sen**  
Director

Place: Dubai  
Date: 16<sup>th</sup> April, 2019

## Statement of Changes in Member's Funds - Others for the year ended 31st March, 2019

### ATTRIBUTABLE TO OWNERS OF THE COMPANY

	(Amount in \$)			
	Members Contribution	Retained Earnings	Other Comprehensive Income	Total
<b>Balance at the beginning of the reporting period i.e. 1st April 2017</b>	25,837,500	645,018	-	26,482,518
Total Comprehensive income for the year	-	2,502,346	833,066	3,335,412
<b>Balance at the end of the reporting period i.e. 31st March 2018</b>	25,837,500	3,147,364	833,066	29,817,930
<b>As on 31st March, 2019</b>				
<b>Balance at the beginning of the reporting period i.e. 1st April 2018</b>	25,837,500	3,147,364	833,066	<b>29,817,930</b>
Total Comprehensive income for the year	-	2,545,214	(192,802)	<b>2,352,412</b>
<b>Balance at the end of the reporting period i.e. 31st March 2019</b>	25,837,500	5,692,578	640,264	<b>32,170,342</b>

In terms of our report attached

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

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 17<sup>th</sup> April, 2019

**For and on behalf of the Board**

**Dipankar Dhruba Sen**  
Director

Place: Dubai  
Date: 16<sup>th</sup> April, 2019

## Cash Flow Statement for the Year Ended 31st March, 2019

	2018-19	(Amount in \$) 2017-18
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year as per Statement of Profit and Loss	2,545,214	2,502,346
Adjusted for :		
Depreciation	5,499,810	5,499,161
Finance Costs	3,311,571	3,103,736
	<u>8,811,381</u>	<u>8,602,897</u>
Operating Profit before Working Capital Changes	11,356,595	11,105,243
Adjusted for :		
Other Payables	648,611	55,935
Other Receivables	64,305	(264,854)
	<u>712,916</u>	<u>(208,919)</u>
Net Cash generated from Operating Activities	12,069,511	10,896,324
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for Property, Plant and Equipment	(165,798)	-
Cash (used in) Investing Activities	(165,798)	-
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Short-Term Borrowings	-	(500,000)
Repayment of Long-Term Borrowings	(7,950,557)	(7,950,557)
Interest Paid	(2,136,629)	(2,948,637)
Net Cash (used in) Financing Activities	(10,087,186)	(11,399,194)
Net Increase /(Decrease) in Cash and Cash Equivalents	1,816,528	(502,870)
Opening Balance of Cash and Cash Equivalents	39,845	542,715
Closing Balance of Cash and Cash Equivalents	<u>1,856,373</u>	<u>39,845</u>

(Refer Note No.)

### CHANGE IN LIABILITY ARISING FROM FINANCING ACTIVITIES

(Amount in \$)

	1st April, 2018	Cash flow	31st March, 2019
Borrowing - Non Current (Refer Note 7)	79,505,569	7,950,557	71,555,012
Borrowing - Current (Refer Note 7)	7,950,557	-	7,950,557
	<u>87,456,126</u>	<u>7,950,557</u>	<u>79,505,569</u>

(Amount in \$)

	1st April, 2017	Cash flow	31st March, 2018
Borrowing - Non Current (Refer Note 7)	87,456,125	7,950,557	79,505,569
Borrowing - Current (Refer Note 7)	7,950,557	-	7,950,557
	<u>95,406,682</u>	<u>7,950,557</u>	<u>87,456,126</u>

In terms of our report attached

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

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 17<sup>th</sup> April, 2019

**For and on behalf of the Board**

**Dipankar Dhruba Sen**  
Director

Place: Dubai  
Date: 16<sup>th</sup> April, 2019

## Notes on Financial Statement for the Year ended 31st March, 2019

### 1 Property, Plant and Equipment (Amount in \$)

Description	Gross Block				Description			Net Block	
	As at 1st April, 2018	Additions / Adjustments	Deductions	As at 31st March, 2019	Upto 1st April, 2018	For the Year	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
<b>TANGIBLE ASSETS</b>									
<b>OWN ASSETS :</b>									
Ship -given on operating lease	118,043,443	56,715	-	<b>118,100,158</b>	5,770,350	5,499,810	11,270,160	<b>106,829,998</b>	112,273,093
<b>TOTAL</b>	118,043,443	56,715	-	<b>118,100,158</b>	5,770,350	5,499,810	11,270,160	<b>106,829,998</b>	112,273,093
<i>Previous Year</i>	* 118,043,443	-	-	<i>118,043,443</i>	271,189	<i>5,499,161</i>	<i>5,770,350</i>	<i>112,273,093</i>	

\*Net of revenue earned during maiden voyage \$ 1,271,000.

1.1 The Ship is provided as security in respect of borrowings (Refer Note no.7).

1.2 Future minimum lease income from Charter Hire under non cancellable operating lease as at:

	<b>31st March, 2019</b>	(Amount in \$) 31st March, 2018
Not later than one year	11,315,000	11,315,000
Later than one year and not later than five years	45,291,000	45,291,000
Later than five years	88,784,000	100,099,000
	<u><b>145,390,000</b></u>	<u>156,705,000</u>

1.3 General description of Lease Terms: The Company has leased its Ship under an Operating Lease Agreement for fifteen years; with an option to further extend upto 2 terms of 5 years each.

### 2 Cash and Cash Equivalents

	<b>As at 31st March, 2019</b>	(Amount in \$) As at 31st March, 2018
Balance with Banks		
In Current Accounts*	<u><b>1,856,373</b></u>	<u>39,845</u>
<b>TOTAL</b>	<u><b>1,856,373</b></u>	<u>39,845</u>

\* Bank balances include an amount of \$ 101,330 (as at 31st March, 2018 \$ 9,385) designated as an earnings account, the proceeds of which can be applied by the Company's lenders for repayments of amounts owed to it under term loans (Refer Note 7).

### 3 Other Financial Assets

	<b>As at 31st March, 2019</b>	(Amount in \$) As at 31st March, 2018
Accrued Income	<b>2,449,000</b>	2,294,000
Mark to market gain on derivative Instrument-Interest Rate Swap	<u>-</u>	<u>1,258,238</u>
<b>TOTAL</b>	<u><b>2,449,000</b></u>	<u>3,552,238</u>

### 4 Other Current Assets

	<b>As at 31st March, 2019</b>	(Amount in \$) As at 31st March, 2018
Others *	<u><b>2,233,020</b></u>	<u>2,452,326</u>
<b>TOTAL</b>	<u><b>2,233,020</b></u>	<u>2,452,326</u>

\* Pertains primarily to unamortised finance charges.



## Notes on Financial Statement for the Year ended 31st March, 2019

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
<b>5 Member's Contributions</b>		
Member's Contributions at the beginning and end of the year	<u>25,837,500</u>	<u>25,837,500</u>

5.1 Entire contribution is made by Reliance Ethane Holding Pte. Limited - the Holding Company.

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
<b>6 Member's Funds - Others</b>		
<b>Retained Earnings</b>		
As per last Balance Sheet	3,147,364	645,018
Profit For The Year	<u>2,545,214</u>	<u>2,502,346</u>
<b>Retained Earnings at the end of Reporting Period</b>	<b>5,692,578</b>	3,147,364
<b>Other Comprehensive Income</b>		
As per last Balance Sheet	833,066	-
Movement in OCI during the year*	(192,802)	833,066
<b>Other Comprehensive Income at the end of Reporting Period</b>	<u>640,264</u>	<u>833,066</u>
<b>Total</b>	<u><b>6,332,842</b></u>	<u>3,980,430</u>

\*OCI represents cash flow hedge reserve.

### 7 Borrowings

	As at 31st March, 2019		As at 31st March, 2018	
	Non Current	*Current	Non Current	Current
<b>Secured - At amortised cost</b>				
Term Loans - from Banks	<u>71,555,012</u>	<u>7,950,557</u>	79,505,569	7,950,557
<b>Total</b>	<u>71,555,012</u>	<u>7,950,557</u>	79,505,569	7,950,557

\* Current maturities of long term debt

### 7.1 Maturity Profile of Secured Loans (From Banks)

(Amount in \$)

Maturity Profile as at 31st March 2019				
	6-12 years	2-5 Years	TOTAL	1 Year
Term Loans - from Banks	39,752,784	31,802,227	71,555,012	7,950,557
Maturity Profile of Secured Loans (From Banks)				
(Amount in \$)				
Maturity Profile as at 31st March 2018				
	6-12 years	2-5 Years	TOTAL	1 Year
Term Loans - from Banks	47,703,341	31,802,228	79,505,569	7,950,557

### 7.2 The term loans are secured by:

- a) a first priority mortgage on the ship.
- b) assignment of:
  - a. all earnings of the ship;
  - b. the Company's interest in Insurances;
  - c. the Company's rights under the charters in respect of the ship;
  - d. the rights, titles and interests of the Company in the warranties from the ship building contract.

## Notes on Financial Statement for the Year ended 31st March, 2019

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
<b>8 Other Financial Liabilities</b>		
Current maturities of long term debt	7,950,597	7,950,597
Payables for Capital expenditure	40,049	149,132
Interest Accrued but not due on borrowings	594,353	484,847
<b>TOTAL</b>	<b>8,584,959</b>	<b>8,584,536</b>
		(Amount in \$)
	As at 31st March, 2019	As at 31st March, 2018
<b>9 Other Current Liabilities</b>		
Other Payables	1,058,078	409,467
<b>TOTAL</b>	<b>1,058,078</b>	<b>409,467</b>
		(Amount in \$)
	2018-19	2017-18
<b>10 Revenue from Operations</b>		
Income From Charter Hire	11,315,000	11,315,000
<b>TOTAL</b>	<b>11,315,000</b>	<b>11,315,000</b>
		(Amount in \$)
	2018-19	2017-18
<b>11 Other Income</b>		
Mark to market gain on derivative instrument - Interest Rate Swap	183,564	-
Interest received on unwinding of derivative contracts	73,257	-
<b>TOTAL</b>	<b>256,821</b>	<b>-</b>
		(Amount in \$)
	2018-19	2017-18
<b>12 Finance Costs</b>		
Interest Expenses	3,301,571	2,631,953
Agency fees	10,000	4,606
Mark to market loss on derivative instrument - Interest Rate Swap	-	69,504
Interest Paid Under IRS Settlement	-	397,673
<b>TOTAL</b>	<b>3,311,571</b>	<b>3,103,736</b>
*Interest expenses include interest paid to holding company \$ Nil ( previous year \$28,993)		
		(Amount in \$)
	2018-19	2017-18
<b>13 Other Expenses</b>		
Professional Fees *	42,810	8,476
Exchange fluctuation loss	504	3,046
Business support and Technical services	79,882	60,776
Service Charges	46,077	89,101
Statutory Fees	2,304	8,010
Insurance	29,264	26,353
General Expenses	2,385	1,995
Director Service Fee	12,000	12,000
<b>TOTAL</b>	<b>215,226</b>	<b>209,757</b>

\* Includes Audit Fees of \$4,500; Limited review fees of \$2,400 (Previous Year Audit fees \$4,500; Limited review fees \$2,400)

## Notes on Financial Statement for the Year ended 31st March, 2019

### 14 Related Party

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

#### i) List of Related Parties where control exists and also other related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Ultimate Holding Company (control exists)
2	Reliance Ethane Holding Pte Limited	Holding Company (control exists)
3	Reliance Corporate IT Park Ltd	Fellow Subsidiary
4	Ethane Pearl LLC	Fellow Subsidiary
5	Ethane Crystal LLC	Fellow Subsidiary
6	Ethane Sapphire LLC	Fellow Subsidiary
7	Ethane Emerald LLC	Fellow Subsidiary
8	Ethane Topaz LLC	Fellow Subsidiary
9	Dipankar Dhruva Sen	Key Managerial Personnel
10	Vijay Banjan	Key Managerial Personnel

#### ii) Transactions during the year and balances as at year end with related parties :

Name of the Related Party and nature of transactions	Relationship	(Amount in \$)	
		2018-19	2017-18
Reliance Industries Limited Business support and Technical services Balance payable as at the year end	Ultimate Holding Company (control exists)	(78,132) -	(59,056) (31,878)
Reliance Ethane Holding Pte Limited Advance repaid for capital expenses Finance Cost Balance payable as at the year end	Holding Company (control exists)	- - -	500,000 (28,993) -
Reliance Corporate IT Park Limited Business support and Technical services Balance payable as at the year end	Fellow Subsidiary	(1,750) -	(1,720) (1,720)
Ethane Sapphire LLC Reimbursement of expenses Balance payable as at the year end	Fellow Subsidiary	4,784 -	- -
Ethane Pearl LLC Short Term Loan Reimbursement of expenses Balance payable as at the year end	Fellow Subsidiary	- (45,991) -	(135,647) (232,056)
Ethane Topaz LLC Reimbursement of expenses Balance payable as at the year end	Fellow Subsidiary	4,784 -	- -
Ethane Emerald LLC Reimbursement of expenses Balance payable as at the year end	Fellow Subsidiary	4,784 -	- -
Ethane Crystal LLC Reimbursement of expenses Advance received Balance payable as at the year end	Fellow Subsidiary	4,784 - -	(78,934) (150,000) (230,479)
Dipankar Dhruva Sen Director Service Fee Balance payable as at the year end	Key Managerial Personnel	(6,000) (14,000)	(7,000) (8,000)
Vijay Banjan Director Service Fee Balance payable as at the year end	Key Managerial Personnel	(6,000) (11,000)	(5,000) (5,000)

## Notes on Financial Statement for the Year ended 31st March, 2019

- iii) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

### 15 Capital Management

The Company manages its capital to ensure that it will continue as a going concern while maximising the return to stakeholders through the optimisation of debt and member's contribution.

The capital structure of the Company consists of net debt (borrowings as detailed in note 7, offset by cash and cash equivalent) and total Member's Contribution.

The Company's Board of Directors reviews its capital structure. As part of this review, the Board considers the cost of capital and risk associated with each class of capital.

#### Gearing ratio

The gearing ratio at end of the reporting year was as follows:

Particulars	31st March, 2019	(Amount in \$)
		31st March, 2018
Gross Debt	79,505,569	87,456,126
Cash and bank balance	1,856,373	39,845
<b>Net debt (A)</b>	<b>77,649,196</b>	<b>87,416,280</b>
<b>Total Member's Funds (As per Balance Sheet) (B)</b>	<b>32,170,342</b>	<b>29,817,930</b>
<b>Net debt to Member's Funds ratio (A/B)</b>	<b>241%</b>	<b>293%</b>

Debt is defined as long-term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration) as described in Note 7.

### 16 FINANCIAL INSTRUMENTS

#### Valuation

All financial instruments are initially recognised and subsequently re-measured at fair value as described below: a) The fair value of Interest rate swap is calculated as the present value of the estimated future cashflow based on observable yield curves.

#### 16.1 Fair value measurement hierarchy

(Amount in \$)

Particulars	31st March, 2019		31st March, 2018			
	Carrying Amount	Fair Value Measurement		Carrying Amount	Fair Value Measurement	
		Level 1	Level 2		Level 1	Level 2
<b>Financial assets</b>						
at Amortised Cost:						
Cash and bank balances	1,856,373		39,845			
Accrued Income	2,449,000		2,294,000			
At FVTPL						
Financial Derivatives	-		1,258,238		1,258,238	
<b>Financial liabilities</b>						
at Amortised Cost:						
Borrowings	79,505,569		87,456,126			
Payables for Capital Expenditure	40,049		149,132			
Interest Accrued but not due on Borrowings	594,353		484,847			



## Notes on Financial Statement for the Year ended 31st March, 2019

(Amount in \$)

Maturity Profile of Loans and Derivative Financial Liabilities as on 31st March, 2018							
Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
<b>Borrowings</b>							
Non-Current	-	-	-	15,901,114	15,901,114	47,703,341	79,505,569
Current maturities of long term debt	1,987,639	1,987,639	3,975,278	-	-	-	7,950,557
<b>Total Borrowings</b>	1,987,639	1,987,639	3,975,278	15,901,114	15,901,114	47,703,341	87,456,126
<b>Derivatives Liabilities</b>							
Interest Rate Swap	-	-	-	-	-	-	-
<b>Total Derivative Liabilities</b>	-	-	-	-	-	-	-

### 17 HEDGE ACCOUNTING

The Company's business objective includes safeguarding its earnings against adverse movements in interest rates. Company has adopted a structured risk management policy to hedge this interest rate risk within an acceptable level and approved hedge accounting framework which allows for cash flow hedge. Hedging instruments include interest rate swaps to achieve this objective. The table below shows the position of hedging instrument and hedged item as at balance sheet date.

(Amount in \$)

#### Cash Flow Hedge as on 31st March, 2019

Hedging Instrument						
Type of Hedge and Risks	Nominal Value	Carrying amount		Changes in Fair Value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
<b>Interest rate risk</b>						
Interest rate risk component - Borrowings	-	-	-	-	-	Other Financial Assets

Hedged items				
Type of Hedge and Risks	Nominal Value	Changes in Fair Value	Hedge Reserve	Line Item in Balance Sheet
<b>Interest rate risk</b>				
Interest rate risk component-Borrowings	-	-	-	Borrowings

(Amount in \$)

#### Cash Flow Hedge as on 31st March, 2018

Hedging Instrument						
Type of Hedge and Risks	Nominal Value	Carrying amount		Changes in Fair Value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
<b>Interest rate risk</b>						
Interest rate risk component - Borrowings	65,592,094	1,258,238	-	763,562	24th July, 2022	Other Financial Assets

Hedged items				
Type of Hedge and Risks	Nominal Value	Changes in Fair Value	Hedge Reserve	Line Item in Balance Sheet
<b>Interest rate risk</b>				
Interest rate risk component-Borrowings	65,592,094	-	763,562	Borrowings

## Notes on Financial Statement for the Year ended 31st March, 2019

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**18** Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 16th April, 2019.

**19** These accounts have been prepared for the limited purpose of its consolidation with Reliance Industries Limited, the ultimate holding company.

**20** The Company is in the business of leasing ship. Considering the nature of the Company's business, there is only one reportable segment in accordance with the requirement of Ind AS 108 "Operating Segments".

**21** Amounts of previous year have been regrouped wherever necessary to correspond with those of current year.

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In terms of our report attached

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

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 17<sup>th</sup> April, 2019

**For and on behalf of the Board**

**Dipankar Dhruba Sen**  
Director

Place: Dubai  
Date: 16<sup>th</sup> April, 2019