

ETHANE TOPAZ LLC

**Financial Statements
2018-19**

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF ETHANE TOPAZ LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ETHANE TOPAZ 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
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	<u>107,794,329</u>	<u>113,209,045</u>
Total Non Current Assets		107,794,329	113,209,045
Current Assets			
Financial Assets			
Cash and cash equivalents	2	1,193,770	210,336
Others Financial Asset	3	496,000	20 85 090
Other Current Assets	4	<u>2,276,117</u>	<u>2,498,803</u>
Total Current Assets		<u>3,965,887</u>	<u>4,794,229</u>
Total Assets		<u>111,760,216</u>	<u>118,003,274</u>
MEMBER'S FUND AND LIABILITIES			
Member's Fund			
Member's contributions	5	25,837,500	25,837,500
Member's Funds-Others	6	<u>6,264,448</u>	<u>3,954,910</u>
		32,101,948	29,792,410
Non-Current Liabilities			
Financial Liabilities			
Borrowings	7	71,559,452	79,510,502
Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	8	8,042,767	8,510,749
Other Current Liabilities	9	<u>56,049</u>	<u>189,613</u>
Total Current Liabilities		<u>8,098,816</u>	<u>8,700,362</u>
Total Liabilities		<u>111,760,216</u>	<u>118,003,274</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

For and on behalf of the Board

Abhijit A. Damle
Partner

Dipankar Dhruva Sen
Director

Place: Mumbai
Date: 17th April, 2019

Place: Dubai
Date: 16th April, 2019

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

	Note	2018-19	(Amount in \$) 2017-18
INCOME			
Revenue from Operations	10	11,315,000	9,827,000
Other Income	11	385,951	820
Total Income		11,700,951	9,827,820
EXPENSES			
Depreciation	1	5,497,666	4,789,071
Finance Costs	12	3,391,776	2,622,974
Other Expenses	13	183,482	197,197
Total Expenses		9,072,924	7,609,242
Profit for the year		2,628,027	2,218,578
Other Comprehensive Income for the year		(318,489)	1,743,271
Items that will be reclassified to profit or loss			
Total Comprehensive Income for the year		2,309,538	3,961,849

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

For and on behalf of the Board

Abhijit A. Damle
Partner

Place: Mumbai
Date: 17th April, 2019

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 16th 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
As on 31st March, 2018				
Balance at the beginning of the reporting period i.e. 1st April, 2017	35,837,500	(6,939)	-	35,830,561
Total Comprehensive income for the year	-	2,218,578	1,743,271	3,961,849
Less: Member's Fund Repaid	(10,000,000)	-		(10,000,000)
Balance at the end of the reporting period i.e. 31st March, 2018	25,837,500	2,211,639	1,743,271	29,792,410
As on 31st March, 2019				
Balance at the beginning of the reporting period i.e. 1st April, 2018	25,837,500	2,211,639	1,743,271	29,792,410
Total Comprehensive income for the year	-	2,628,027	(318,489)	2,309,538
Balance at the end of the reporting period i.e. 31st March 2019	25,837,500	4,839,666	1,424,782	32,101,948

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 17th April, 2019

For and on behalf of the Board

Dipankar Dhruva Sen
Director

Place: Dubai
Date: 16th April, 2019

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

	2018-19	(Amount in \$) 2017-18
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year as per Statement of Profit and Loss	2,628,027	2,218,578
Adjusted for :		
Depreciation	5,497,666	47,89,071
Finance Cost	3,391,776	2,622,974
	<u>8,889,442</u>	<u>7,412,045</u>
Operating Profit before Working Capital Changes	11,517,469	9,630,623
Adjusted for :		
Other Payables	(133,564)	(1,221,225)
Other Receivables	<u>67,686</u>	<u>(144,219)</u>
	<u>65,878</u>	<u>(1,365,444)</u>
Cash Generated from Operations	<u>11,451,591</u>	<u>8,265,179</u>
Tax Paid / (Refund)	-	-
Net Cash generated from Operating Activities	<u>11,451,591</u>	<u>8,265,179</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Revenue during pre-commissioning period	-	1,364,000
Additions to Capital Work in Progress	-	(423,164)
Payment of Property, Plant and Equipment	(550,569)	-
Cash (used in) / generated from Investing Activities	<u>(550,569)</u>	<u>940,836</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Member's funds repaid	-	(10,000,000)
Proceeds from Long-Term Borrowings	-	11,563,466
Repayment of Long Term Borrowings	(7,951,050)	(7,951,048)
Interest Paid	(1,966,537)	(2,608,442)
Net Cash (used in) Financing Activities	<u>(9,917,587)</u>	<u>(8,996,024)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	983,435	209,991
Opening Balance of Cash and Cash Equivalents	210,336	345
Closing Balance of Cash and Cash Equivalents	<u>1,193,770</u>	<u>210,336</u>
(Refer Note No.2)		

CHANGE IN LIABILITY ARISING FROM FINANCING ACTIVITIES (Amount in \$)

	1st April, 2018	Cash flow	31st March, 2019
Borrowing - Non Current (Refer Note 7)	79,510,502	7,951,050	71,559,452
Borrowing - Current (Refer Note 7)	7,951,050	-	7,951,050
	87,461,552	7,951,050	79,510,502

(Amount in \$)

	1st April, 2017	Cash flow	31st March, 2018
Borrowing - Non Current (Refer Note 7)	76,861,708	(2,648,795)	79,510,502
Borrowing - Current (Refer Note 7)	6,987,428	(963,623)	7,951,050
	83,849,136	(3,612,418)	87,461,552

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 17th April, 2019

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 16th 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
TANGIBLE ASSETS									
OWN ASSETS :	117,998,116	82,950	-	118,081,066	4,789,071	5,497,666	10,286,737	107,794,329	113,209,045
TOTAL	117,998,116	82,950	-	118,081,066	4,789,071	5,497,666	10,286,737	107,794,329	113,209,045
<i>Previous Year</i>	-	* 117,998,116	-	<i>117,998,116</i>	-	4,789,071	<i>4,789,071</i>	<i>113,209,045</i>	

*Net of revenue earned during maiden voyage \$ 1,364,000.

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:

	31st March, 2019	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	90,737,000	102,052,000
	<u>147,343,000</u>	<u>158,658,000</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.

1.4 Project Development Expenditure in Capital Work-in-Progress includes :

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	-	6,94,180
Add:		
Interest & Finance Charges	-	328,505
Others	-	94,659
Less : Project Development Expenditure Capitalised during the year	-	4,23,164
	<u>-</u>	<u>11,17,344</u>
	<u>-</u>	<u>-</u>

(Amount in \$)
31st March, 2019 31st March, 2018

2 Cash and Cash Equivalents

Balance with Bank

In Current Accounts*	1,193,770	210,336
TOTAL	<u>1,193,770</u>	<u>210,336</u>

* Bank balances include an amount of \$ 76,777 (as at 31st March, 2018 \$ 175,342) 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)

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

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
3 Others Financial Asset		
Accrued Income	496,000	341,000
Mark to market Gain on derivative Instrument-Interest Rate Swap	-	1,744,090
TOTAL	496,000	2,085,090

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
4 Other Current Assets		
Receivables from Related Parties	-	2,532
Others *	2,276,117	2,496,271
TOTAL	2,276,117	2,498,803

* Pertains primarily to unamortised finance charges

	As at 31st March, 2019	(Amount in \$) As at 31st March, 2018
5 Member's Contributions		
Member's Contributions at the beginning and end of the year	25,837,500	35,837,500
Repaid during the year	-	(10,000,000)
Member's Contribution at the end of the year	25,837,500	25,837,500

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
6 Member's Funds - Others		
As per last Balance Sheet	2,211,639	(6,939)
Profit/(Loss) for the year	2,628,027	2,218,578
Retained Earnings at the end of Reporting Period	4,839,666	2,211,639
Other Comprehensive Income		
As per last Balance Sheet	1,743,271	-
Movement in OCI during the year*	(3 18 489)	1,743,271
Other Comprehensive Income at the end of Reporting Period	1,424,782	1,743,271
Total	6,264,448	3,954,910

*OCI represents cash flow hedge reserve.

	(Amount in \$)			
	As at 31st March, 2019		As at 31st March, 2018	
	Non Current	*Current	Non Current	Current
7 Borrowings				
Secured - At amortised cost				
Term Loans - from Banks	71,559,452	7,951,050	79,510,502	7,951,050
Total	71,559,452	7,951,050	79,510,502	7,951,050

* Current maturities of long term debt

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

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	39,755,251	31,804,201	71,559,452	7,951,050
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	47,706,301	31,804,201	79,510,502	7,951,050

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 interest of the Company in the warranties from the ship building contract.

8 Other Financial Liabilities	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long term debt	7,951,050	7,951,050
Payables for Capital Expenditure	66,284	533,901
Interest Accrued but not due on borrowings	25,433	25,798
TOTAL	8,042,767	8,510,749

9 Other Current Liabilities	As at 31st March, 2019	As at 31st March, 2018
Other Payables	56,049	189,613
TOTAL	56,049	189,613

10 Revenue from Operations	2018-19	(Amount in \$) 2017-18
Income From Charter Hire	11,315,000	9,827,000
TOTAL	11,315,000	9,827,000

11 Other Income	2018-19	(Amount in \$) 2017-18
Mark to market gain on derivative instrument - Interest Rate Swap	219,098	820
Interest received on unwinding of derivative contracts	166,853	-
TOTAL	385,951	820.00

12 Finance Costs	2018-19	(Amount in \$) 2017-18
Interest Expenses*	3,381,776	2,334,190
Agency fees	10,000	4,606
Interest paid under IRS settlement	-	284,178
TOTAL	3,391,776	2,622,974

* Interest Expenses are net of interest capitalised of \$ Nil (Previous year \$ 328,055)

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

	2018-19	(Amount in \$) 2017-18
13 Other Expenses		
Professional Fees *	11,787	8,538
Insurance	29,357	26,366
Exchange fluctuation loss	505	3,046
Service Charges	46,076	77,391
Business support and Technical services	79,882	60,776
Statutory Fees	2,304	7,564
General Expenses	1,571	1,517
Director Service Fee	12,000	12,000
TOTAL	183,482	197,197

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

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 Opal LLC	Fellow Subsidiary
6	Ethane Crystal LLC	Fellow Subsidiary
7	Ethane Emerald LLC	Fellow Subsidiary
8	Ethane Sapphire 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	2018-19	(Amount in \$) 2017-18
<u>Reliance Industries Limited</u>	Ultimate Holding Company (control exists)		
Business support and Technical services		78,132	(59,046)
Balance payable as at the year end		-	(31,879)
<u>Reliance Ethane Holding Pte Limited</u>	Holding Company (control exists)		
Member contributions (repaid)		-	(10,000,000)
Balance payable as at the year end		-	-
<u>Reliance Corporate IT Park Ltd</u>	Fellow Subsidiary		
Business support and Technical services		1,750	(1,720)
Balance payable as at the year end		-	(1,720)
<u>Ethane Pearl LLC</u>	Fellow Subsidiary		
Reimbursement of expenses		(50,775)	(135,647)
Balance payable as at the year end		-	(433,874)

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

Name of the Related Party and nature of transactions	Relationship	(Amount in \$)	
		2018-19	2017-18
<u>Ethane Opal LLC</u>	Fellow Subsidiary		
Reimbursement of expenses		(4,784)	-
Balance payable as at the year end		-	-
<u>Ethane Crystal LLC</u>	Fellow Subsidiary		
Reimbursement of expenses		-	(78,995)
Balance payable as at the year end		-	(181,360)
<u>Ethane Emerald LLC</u>	Fellow Subsidiary		
Reimbursement of capital expenses		-	-
Balance payable as at the year end		-	(1,000)
<u>Ethane Sapphire LLC</u>	Fellow Subsidiary		
Recovery of capital expenses		-	-
Balance receivable as at the year end		-	2,532
<u>Dipankar Dhruva Sen</u>	Key Managerial Personnel		
Director Service Fee		(6,000)	(7,000)
Balance payable as at the year end		(14,000)	(8,000)
<u>Vijay Banjan</u>	Key Managerial Personnel		
Director Service Fee		(6,000)	(5,000)
Balance payable as at the year end		(11,000)	(5,000)

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 Net Gearing Ratio at end of the reporting year was as follows:

Particulars	(Amount in \$)	
	31st March, 2019	31st March, 2018
Gross Debt	79,510,502	87,461,552
Cash and bank balance	1,193,770	210,336
Net debt (A)	78,316,731	87,251,216
Total Member's Funds (As per Balance Sheet) (B)	32,101,948	29,792,410
Net debt to Member's Funds ratio (A/B)	244%	293%

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.

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

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
Financial assets						
at Amortised Cost:						
Cash and bank balances	1,193,770			210,336		
Accrued Income	496,000			341,000		
At FVTPL						
Financial Derivatives	-		-	1,744,090		1,744,090
Financial liabilities						
at Amortised Cost:						
Borrowings	79,510,502			87,461,552		
Payables for Capital Expenditure	66,284			533,901		
Interest Accrued but not due on Borrowings	25,433			25,798		

16.2 Interest Rate Risk

The company's exposure to the risk of changes in market interest rate relates to the floating rate debt obligations and derivative products taken to mitigate interest rate risk.

The exposure of the company's borrowing and derivatives to interest rate changes at the end of the reporting period are as follows:

(Amount in \$)

Particulars	31st March, 2019	31st March, 2018
Loans		
Long term Floating Rate Loan	79,510,502	87,461,552
Total	79,510,502	87,461,552
Derivatives		
Interest rate swaps	-	65,596,164
Total	-	65,596,164

(Amount in \$)

Impact on interest expenses for the year for 1% change in Interest rate

Interest Rate Sensitivity	31st March, 2019		31st March, 2018	
	Up Move	Down Move	Up Move	Down Move
Floating Rate Loans	(744,894)	744,894	(629,058)	629,058
- Revenue	(744,894)	744,894	(629,058)	629,058
Interest Rate Swaps	-	-	1,976,422	(1,976,422)
- Revenue	-	-	1,976,422	(1,976,422)
Impact on Equity	-	-	-	-
Impact on Profit & Loss	(744,894)	744,894	1,347,364	(1,347,364)
Total Impact	(744,894)	744,894	1,347,364	(1,347,364)

16.3 Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the Company. Credit Risk arises mainly from Company's dealing in derivatives and credit exposures relating to charter hire receivables. Receivables consist of a customer, representing a single industry and concentrated in a geographical area, hence the Company is exposed to concentration risk.

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

16.4 Liquidity Risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. Prudent liquidity risk management implies maintaining sufficient cash and the availability of standby funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligation at all times including contingencies.

(Amount in \$)

Maturity Profile of Loans and Derivative Financial Liabilities as on 31st March, 2019							
Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	-	-	-	15,902,100	15,902,100	39,755,251	71,559,452
Current maturities of long term debt	1,987,763	1,987,763	3,975,525	-	-	-	7,951,050
Total Borrowings	1,987,763	1,987,763	3,975,525	15,902,100	15,902,100	39,755,251	79,510,502
Derivatives Liabilities							
Interest Rate Swap	-	-	-	-	-	-	-
Total Derivative Liabilities	-	-	-	-	-	-	-

(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
Borrowings							
Non-Current	-	-	-	15,902,100	15,902,100	47,706,301	79,510,502
Current maturities of long term debt	1,987,763	1,987,763	3,975,525	-	-	-	7,951,050
Total Borrowings	1,987,763	1,987,763	3,975,525	15,902,100	15,902,100	47,706,301	87,461,552
Derivatives Liabilities							
Interest Rate Swap	-	-	-	-	-	-	-
Total Derivative Liabilities	-	-	-	-	-	-	-

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			
Interest rate risk						
Interest rate risk component - Borrowings	-	-	-	-	-	Other Financial Assets

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

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

Cash Flow Hedge as on 31st March, 2018

(Amount in \$)

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			
Interest rate risk						
Interest rate risk component - Borrowings	65,596,164	1,744,090	-	1,744,090	29th June, 2022	Other Financial Assets

Hedged items				
Type of Hedge and Risks	Nominal Value	Changes in Fair Value	Hedge Reserve	Line Item in Balance Sheet
Interest rate risk				
Interest rate risk component-Borrowings	65,596,164	-	1,744,090	Borrowings

- 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 The figures for corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Abhijit A. Damle
Partner

Dipankar Dhruba Sen
Director

Place: Mumbai
Date: 17th April, 2019

Place: Dubai
Date: 16th April, 2019