ETHANE EMERALD LLC

Financial Statements

(2017-18)

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF ETHANE EMERALD LLC

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **ETHANE EMERALD LLC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 accounting principles generally accepted in India including Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act").

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 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 Ind AS financial statements based on our audit.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the 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 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 31st March, 2018, and its profit, total comprehensive income, its cash flows and changes in member's funds for the year ended on that date.

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 Ind AS financial statements comply with the Indian Accounting Standards prescribed 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: 24th April, 2018

Balance Sheet as at 31st March, 2018

(Amount in $)

	Note		As at 31st March, 2018		As at 31st March, 2017
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	1	**111,326,210**		116,850,541	
Total Non Current Assets			**111,326,210**		116,850,541
Current Assets					
Financial Assets					
Cash and Bank Balances	2	**480,464**		363,796	
Other Financial Assets	3	**2,537,548**		1,538,021	
Other Current Assets	4	**2,415,976**		2,618,425	
Total Current Assets			**5,433,988**		4,520,242
Total Assets			**116,760,198**		121,370,783
MEMBER'S FUND AND LIABILITIES					
Member's Fund					
Member's contributions	5	**25,880,300**		25,880,300	
Member's Funds-Others	6	**4,538,988**		1,123,503	
			30,419,288		27,003,803
Non-Current Liabilities					
Financial Liabilities					
Borrowings	7		**77,518,319**		85,468,916
Current Liabilities					
Financial Liabilities					
Other Financial Liabilities	8	**8,606,510**		8,844,387	
Other Current Liabilities	9	**216,081**		53,677	
Total Current Liabilities			**8,822,591**		8,898,064
Total Liabilities			**116,760,198**		121,370,783

Significant Accounting Policies

See accompanying Notes to the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 23rd April, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

(Amount in $)

	Note	2017-18	2016-17
INCOME			
Revenue from Operations	**10**	**11,315,000**	2,232,000
Other Income	**11**	**-**	484,021
Total Revenue		**11,315,000**	2,716,021
EXPENDITURE			
Depreciation	**1**	**5,493,330**	1,113,588
Finance Costs	**12**	**3,031,025**	464,098
Other Expenses	**13**	**219,407**	10,466
Total Expenses		**8,743,762**	1,588,152
Profit for the year		**2,571,238**	1,127,869
Other Comprehensive Income for the year		**844,247**	-
Items that will be reclassified to profit or loss			
Total Comprehensive Income for the year		**3,415,485**	1,127,869

Significant Accounting Policies

See accompanying Notes to the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 23rd April, 2018

Statement of Changes in Member's - Fund Others for the Year ended 31st March, 2018

ATTRIBUTABLE TO OWNERS OF THE COMPANY

(Amount in $)

	Members Contribution	Retained Earnings	Other Comprehensive Income	Total
As on 31st March, 2017				
Balance at the beginning of the reporting period i.e.1st April 2016	35,880,300	(4,366)	-	**35,875,934**
Total Comprehensive income for the year	-	1,127,869	-	**1,127,869**
Add: Member's Fund Received	-	-	-	-
Less: Member's Fund Repaid	(10,000,000)	-	-	**(10,000,000)**
Balance at the end of the reporting period i.e.31st March 2017	25,880,300	1,123,503	-	**27,003,803**
As on 31st March, 2018				
Balance at the beginning of the reporting period i.e.1st April 2017	25,880,300	1,123,503	-	**27,003,803**
Total Comprehensive income for the year	-	2,571,238	844,247	**3,415,485**
Balance at the end of the reporting period i.e.31st March 2018	25,880,300	3,694,741	844,247	**30,419,288**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 23rd April, 2018

Cash Flow Statement for the Year Ended 31st March, 2017

(Amount in $)

			2017-18		2016-17
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit for the year as per Statement of Profit and Loss		**2,571,238**		1,127,869
	Adjusted for :				
	Depreciation	**5,493,330**		1,113,588	
	Finance Costs	**3,031,025**		464,098	
			8,524,355		1,577,686
Operating Profit before Working Capital Changes			**11,095,593**		2,705,555
	Adjusted for :				
	Other Payables	**(128,115)**		547,402	
	Other Receivables	**47,449**		(4,156,446)	
			(80,665)		(3,609,044)
Net Cash Flow from / (used in) Operating Activities			**11,014,927**		(903,489)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Payment for Property, Plant and Equipment		**-**		(81,918,587)
	Net Cash Flow (used in) Investing Activities		**-**		**(81,918,587)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Member's funds repaid		**-**		(10,000,000)
	Proceeds from Borrowings - Non Current		**-**		95,407,162
	Repayment of Borrowings - Non Current		**(7,950,597)**		(1,987,649)
	Interest Paid		**(2,947,662)**		(284,928)
	Net Cash Flow (used in) / from Financing Activities		**(10,898,259)**		83,134,585
	Net Increase in Cash and Cash Equivalents		**116,668**		312,509
	Opening Balance of Cash and Cash Equivalents		**363,796**		51,287
	Closing Balance of Cash and Cash Equivalents		**480,464**		363,796
	(Refer Note No.2)				

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 23rd April, 2018

Notes on Financial Statement for the Year ended 31st March, 2018

A. CORPORATE INFORMATION

Ethane Emerald LLC ("the Company") is a limited liability company incorporated in Marshall Islands.
The address of its registered office and principal place of business is as below:

Ethane Emerald LLC,
Trust Company Complex, Ajeltake Lake,
Ajeltake Island, Majuro MH 96960,
Republic of Marshall Islands.

The Company owns a Very Large Ethane Carrier (VLEC) which is leased for transportation of refrigerated ethane.

B. ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on a historical cost basis 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 categorized into Level 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 entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included with in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

B.2 USE OF ESTIMATES

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

B.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment:

Ship is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, taxes and duties, labour cost and other direct costs incurred up to the date on which the asset is ready for its intended use.

Subsequent costs are included in the ship's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to the project of building the ship, net of income earned during the project development stage prior to its intended commercial use, are considered as pre - operative expenses and disclosed under Capital Work – in - Progress.

Depreciation on property, plant and equipment is provided from the date on which the Ship is capitalised, on the straight line method over the useful life of 20 years as estimated by the management.

The residual values, useful lives and methods of depreciation of the ship are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes on Financial Statement for the Year ended 31st March, 2018

(b) Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease receipts are recognised as an income in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are received.

(c) Borrowings Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the 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 period in which they are incurred.

(d) Impairment of Non-Financial Assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

(e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

If 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.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

(g) Foreign Currencies

Company's financial statements are presented in US Dollars ($), which is its functional currency.

Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes on Financial Statement for the Year ended 31st March, 2018

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the 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 and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if following condition are satisfied:

- The Company has transferred risks and rewards incidental to ownership to the customer;
- The Comapny retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- It is probable that the economic benefit associated with the transaction will flow to the Company; and
- it can be reliably measured and it is reasonable to expect ultimate collection

Revenue from operations comprises income earned from operating lease rentals.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(i) Financial Instruments

i) **Financial Assets**

A. Initial Recognition and Measurement:

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through statement of profit and 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

a) Financial assets measured 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.

b) Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at FVTOCI 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.

c) Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently measured at FVTPL.

Notes on Financial Statement for the Year ended 31st March, 2018

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.

For recognition of impairment loss on on 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 recognized 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 statement of profit and loss as finance cost.

B. Subsequent Measurement:

Financial liabilities are subsequently carried at amortized 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.

iii) **Derivative Financial Instruments and Hedge Accounting:**

The company uses interest rate swaps to mitigate the risk of changes in interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of profit and loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of profit and loss when the hedge item effects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash Flow Hedge

The company designates interest rate swap as cash flow hedges to mitigate the risk of movement in interest rates on loans that carry interest at floating rates. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the income statement. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

Notes on Financial Statement for the Year ended 31st March, 2018

iv) **Derecognition 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. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Depreciation and Useful Life of Ship

The Company's sole asset i.e. ship is depreciated over the estimated useful lives of the asset, after taking into account its estimated residual value. Management reviews the estimated useful life and residual value annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful life and residual value is based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

b) Recoverability of Receivable:

Judgements are required in assessing the recoverability of overdue receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

c) Provisions:

Provisions and liabilities are recognized 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.

d) 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.

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.

e) 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.

Notes on Financial Statement for the Year ended 31st March, 2018

1 Property, Plant and Equipment

(Amount in $)

Description	Gross Block				Depreciation			Net Block	
	As at 1st April, 2017	Additions	Deductions/ Adjustments	As at 31st March, 2018	Upto 1st April, 2017	For the Period	Upto 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
TANGIBLE ASSETS									
OWN ASSETS :									
Ship -given on operating lease	117,964,128 *	-	31,000	**117,933,128**	1,113,588	5,493,330	6,606,918	**111,326,210**	116,850,540
TOTAL	117,964,128	-	31,000	**117,933,128**	1,113,588	5,493,330	6,606,918	**111,326,210**	116,850,540
Previous Year	-	-	-	*117,964,128*	-	*1,113,588*	*1,113,588*	*116,850,541*	

*Net of Revenue accounted during FY 2016-17 in respect of maiden voyage $1,333,000

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:

(Amount in $)

	31st March, 2018	31st March, 2017
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	98,363,000	109,678,000
	154,969,000	166,284,000

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 include :

(Amount in $)

		As at 31st March, 2018		As at 31st March, 2017
Opening Balance		-		638,310
Add:				
Interest & Finance Charges	-		287,386	
Professional fees	-		25,382	
Others	-		117,589	
		-		430,357
Less : Project Development Expenditure Capitalised during the year		-		1,068,667
Closing Balance		-		-

Notes on Financial Statement for the Year ended 31st March, 2018

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
2	**Cash and Cash Equivalents**		
	Balance with Banks		
	In Current Accounts*	**480,464**	363,796
	Cash and Cash Equivalents as per Balance Sheet	**480,464**	363,796

* Bank balances include an amount of $468,882 (as at 31st March, 2017 $3,009) 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).

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
3	**Other Financial Asset**		
	Accrued Income	**1,240,000**	1,054,000
	Mark to market gain on derivative Instrument-Interest Rate Swap	**1,297,548**	484,021
	TOTAL	**2,537,548**	**1,538,021**

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
4	**Other Current Assets**		
	Receivables from Related Parties	**1,000**	1,000
	Others *	**2,414,976**	2,617,425
		2,415,976	**2,618,425**

* Pertains primarily to prepaid Expenses

Notes to the Financial Statement for the Year ended 31st March, 2018

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
5	**Member's Contributions**		
	Opening Balance	**25,880,300**	35,880,300
	Received during the year	**-**	-
	Repaid during the year	**-**	(10,000,000)
	Member's Contribution at the end of the year	**25,880,300**	25,880,300

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

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
6	**Member's Funds - Others**		
	Retained Earnings		
	As per last Balance Sheet	1,123,503	(4,366)
	Profit /(Loss) For The Year	2,571,238	1,127,869
	Retained Earnings at the end of Reporting Period	**3,694,741**	1,123,503
	Other Comprehensive Income		
	As per last Balance Sheet	-	-
	Movement in OCI during the year*	844,247	-
	Other Comprehensive Income at the end of Reporting Period	**844,247**	-
	Total	**4,538,988**	1,123,503

*OCI represents cash flow hedge reserve.

(Amount in $)

		As at 31st March, 2018		As at 31st March, 2017	
7	**Borrowings**				
	Secured - At Amortised Cost	**Non Current**	**Current**	Non Current	Current
	Term Loans - from Banks	**77,518,319**	**7,950,597**	85,468,916	7,950,597
	Total	**77,518,319**	**7,950,597**	85,468,916	7,950,597

7.1 **Maturity Profile of Secured Loans are as set out below:** (Amount in $)

	Non-Current			Current
	6-12 years	**2-5 Years**	**TOTAL**	**1 Year**
Term Loans -from Banks	45,715,932	31,802,387	**77,518,319**	7,950,597

Maturity Profile of Secured Loans are as set out below: (Amount in $)

	Non-Current			Current
	6-12 years	**2-5 Years**	**TOTAL**	**1 Year**
Term Loans -from Banks	53,666,529	31,802,387	**85,468,916**	7,950,597

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 to the Financial Statement for the Year ended 31st March, 2018

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
8	**Other Financial Liabilities**		
	Current maturities of Borrowings - Non Current	**7,950,597**	7,950,597
	Payables for Capital Expenditure	**424,101**	714,620
	Interest Accrued but not due on borrowings	**231,812**	179,170
		8,606,510	**8,844,387**

(Amount in $)

		As at 31st March, 2018	As at 31st March, 2017
9	**Other Current Liabilities**		
	Other payables	**216,081**	53,677
	TOTAL	**216,081**	53,677

(Amount in $)

		2017-18	2016-17
10	**Revenue from Operations**		
	Income From Charter Hire	**11,315,000**	2,232,000
	TOTAL	**11,315,000**	2,232,000

(Amount in $)

		2017-18	2016-17
11	**Other Income**		
	Mark to market gain on derivative instrument - Interest Rate Swap	**-**	484,021
	TOTAL	**-**	484,021

(Amount in $)

		2017-18	2016-17
12	**Finance Costs**		
	Interest Expenses*	**2,570,593**	464,098
	Interest paid under IRS settlement	**429,712**	-
	Mark to market loss on derivative instrument - Interest Rate Swap	**30,720**	-
	TOTAL	**3,031,025**	464,098

* Interest Expenses are net of Interest capitalised of $NIL (Previous year $925,696).

(Amount in $)

		2017-18	2016-17
13	**Other Expenses**		
	Professional Fees *	**8,445**	4,800
	Exchange fluctuation loss	**3,046**	-
	Statutory Fees	**10,866**	-
	Insurance	**28,923**	4,055
	Service Charges	**89,101**	-
	Business support and Technical services	**60,776**	-
	General Expenses	**6,251**	611
	Director Service Fees	**12,000**	1,000
	TOTAL	**219,407**	10,466

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

Notes to the Financial Statement for the Year ended 31st March, 2018

14 Related Party

List of Related Parties where control exists and related parties with whom transactions have taken place and relationships:

i) List of related parties and relationship:

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 Opal LLC	Fellow Subsidiary
8	Ethane Topaz LLC	Fellow Subsidiary
9	Dipankar Dhruba Sen	Director
10	Vijay Banjan	Director (From 1st June 2017)

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

(Amount in $)

Name of the Related Party and nature of transactions	**Relationship**	**2017-18**	2016-17
Reliance Industries Limited	Ultimate Holding Company (control exists)		
Business support and Technical services		(59,056)	-
Balance payable as at the period end		**(31,878)**	-
Reliance Ethane Holding Pte Limited	Holding Company (control exists)		
Member contributions (repaid)		**-**	(10,000,000)
Balance payable as at the year end		**-**	-
Reliance Corporate IT Park Limited	Fellow Subsidiary		
Business support and Technical services		(1,720)	-
Balance payable as at the period end		**(1,720)**	-
Ethane Pearl LLC	Fellow Subsidiary		
Reimbursement of expenses		(135,647)	(501,408)
Balance payable as at the year end		**(229,960)**	(94,313)
Ethane Crystal LLC	Fellow Subsidiary		
Reimbursement of expenses		(78,903)	(278,608)
Balance payable as at the year end		**(357,512)**	(278,608)
Ethane Sapphire LLC	Fellow Subsidiary		
Recovery of capital expenses		-	1,000
Balance receivable as at the year end		-	-
Ethane Opal LLC	Fellow Subsidiary		
Recovery of capital expenses		-	1,000
Balance receivable as at the year end		-	-
Ethane Topaz LLC	Fellow Subsidiary		
Recovery of capital expenses		-	1,000
Balance receivable as at the year end		**1,000**	1,000
Dipankar Dhruba Sen	Director		
Director Service Fee		(7,000)	(1,000)
Balance payable as at the year end		**(8,000)**	(1,000)
Vijay Banjan	Director		
Director Service Fee		(5,000)	-
Balance payable as at the year end		**(5,000)**	-

Notes to the Financial Statement for the Year ended 31st March, 2018

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.

iv) All related party contracts / arrangements have been entered on arm's length basis.

(Amount in $)

		2017-18	2016-17
15	Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of capital advance).	-	-

16 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 period was as follows:

(Amount in $)

Particulars	**31st March, 2018**	31st March, 2017
Gross Debt	85,468,916	93,419,513
Cash and Cash Equivalents	480,464	363,796
Net debt (A)	**84,988,451**	93,055,717
Total Member's Funds (As per Balance Sheet) (B)	**30,419,288**	27,003,803
Net debt to Member's Funds ratio (A/B)	**279%**	345%

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

17 FINANCIAL INSTRUMENTS

Valuation Methodology

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 cash flow based on observable yield curves.

17.1 Fair value measurement hierarchy

(Amount in $)

Particulars	**31st March, 2018**			31st March, 2017		
	Level of Input used in Fair Value Measurement			Level of Input used in Fair Value Measurement		
	Carrying Amount	**Level 1**	**Level 2**	Carrying Amount	Level 1	Level 2
Financial assets at Amortised Cost:						
Cash and Cash Equivalents	**480,464**			363,796		
Other Financial Assets	**1,240,000**			1,054,000		
At FVTPL						
Other Financial Assets	**1,297,548**		**1,297,548**	484,021		484,021
Financial Liabilities at Amortised Cost:						
Loans	**85,468,916**			93,419,513		
Payables for capital expenditure	**424,101**			714,620		
Interest accrued but not due on borrowings	**231,812**			179,170		

Notes to the Financial Statement for the Year ended 31st March, 2018

17.2 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, 2018**	31st March, 2017
Loans		
Non-Current - Floating (Includes Current Maturities)	85,468,916	93,419,513
Non-Current - Fixed (Includes Current Maturities)	-	-
Short Term Loan	-	-
Total	**85,468,916**	**93,419,513**
Derivatives		
Interest rate swaps	64,101,687	46,709,757
Total	**64,101,687**	46,709,757

(Amount in $)

Impact on interest expenses for the year for 0.5% change in Interest rate

Interest Rate Sensitivity	**31st March, 2018**		31st March, 2017	
	Up Move	Down Move	Up Move	Down Move
Floating Rate Loans	(409,129)	409,129	-	-
-Revenue	(409,129)	409,129	-	-
IRS	964,701	(964,701)	908,000	(932,000)
-Revenue	964,701	(964,701)	908,000	(932,000)
Impact on Equity				
Impact on Profit & Loss	555,572	(555,572)	908,000	(932,000)
Total Impact	**555,572**	**(555,572)**	908,000	(932,000)

17.3 Credit Risk

Credit risk is the risk that a customer or counterparty to financial instrument will fail to perform or pay amounts due causing financial loss to the Company. Credit Risk arises from the Company's activities in investments, 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 to the Financial Statement for the Year ended 31st March, 2018

17.4 Liquidity Risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. Management monitors rolling forecasts of the Company's cash flow position and ensures that company is able to meet its financial obligation at all times including contingencies.

(Amount in $)

Maturity Profile as at 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	1,987,649	1,987,649	3,975,298	15,901,194	15,901,194	45,715,932	85,468,916
Current	-	-	-	-	-	-	-
Interest Accrued but not due on borrowings	231 812	-	-	-	-	-	231,812
Total	**2,219,462**	**1,987,649**	**3,975,298**	**15,901,194**	**15,901,194**	**45,715,932**	**85,700,728**
Derivatives Liabilities							
Interest Rate Swaps	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

(Amount in $)

Maturity Profile as at 31st March, 2017

Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	1,987,649	1,987,649	3,975,298	15,901,194	15,901,194	53,666,529	93,419,513
Current	-	-	-	-	-	-	-
Interest Accrued but not due on borrowings	179 170	-	-	-	-	-	179,170
Total	**2,166,819**	**1,987,649**	**3,975,298**	**15,901,194**	**15,901,194**	**53,666,529**	**93,598,683**
Derivatives Liabilities							
Interest Rate Swaps	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Notes to the Financial Statement for the Year ended 31st March, 2018

18 HEDGE ACCOUNTING

The Company's business objective includes safe-guarding 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

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 Swap	64,101,687	1,297,548	-	813,527	2nd 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	64,101,687	-	813,527	Borrowings Non-Current

19 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 23rd April 2018.

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

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

22 The Very Large Ethane Carrier owned by the Company was leased for transportation in the previous year from 18th January 2017; whereas in the current year the same has been leased for whole of the year. Hence, results of the current year are not comparable to results of the previous year

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board

Dipankar Dhruba Sen
Director

Place: Dubai
Date: 23rd April, 2018