

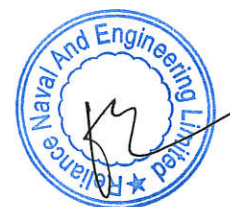
Reliance Naval and Engineering Limited
(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

Registered Office: Pipavav Port, Post Uchhaiya, Via Rajula, Dist. Amreli, Gujarat - 365 560. India.

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018

Rs in Lakhs						
Sr. No.	Particulars	Quarter Ended			Year ended	
		31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017
		Refer Note No 8	Unaudited	Refer Note No 8	Audited	Audited
1	Income					
(a)	Revenue from Operations	3,309	5,399	22,819	33,517	51,946
(b)	Other Income	167	141	2,265	7,867	4,468
	Total Income	3,476	5,540	25,084	41,384	56,414
2	Expenses					
(a)	Cost of Materials Consumed	1,883	3,116	15,695	34,628	23,153
(b)	Changes in Inventories of Work in Progress & Scrap	(111)	(42)	4,560	(160)	3,707
(c)	Excise Duty	-	-	30	8	71
(d)	Employee Benefits Expense	866	742	766	3,377	3,801
(e)	Labour/Fabrication and Subcontractor Charges	1,002	2,163	3,456	10,017	7,540
(f)	Cost Estimated for Revenue Recognised (Refer note no 2)	(270)	(3,182)	(8,535)	(24,853)	(3,487)
(g)	Provision for Liquidated Damages	8,494	-	-	8,494	-
(h)	Provision for Impairment of Current Assets	10,289	-	-	10,289	-
(i)	Other Expenses	2,777	1,598	6,346	10,652	14,923
	Total Expenses	24,930	4,395	22,318	52,452	49,708
3	Profit/(Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (1-2)	(21,454)	1,145	2,766	(11,068)	6,706
4	Finance Costs	19,600	18,253	16,397	69,739	57,264
5	Depreciation and Amortisation Expenses	4,905	4,988	4,921	19,807	20,065
6	Loss Before Exceptional Items and Tax (3-4-5)	(45,959)	(22,096)	(18,552)	(1,00,614)	(70,623)
7	Exceptional Items (Refer note no 4)	-	79	-	(16,240)	-
8	Loss before Tax (6+7)	(45,959)	(22,017)	(18,552)	(1,16,854)	(70,623)
9	Tax Expenses- 'Deferred Tax Credit	5,091	5,386	4,560	21,245	18,280
10	Loss for the period/year from continued operations (8+9)	(40,868)	(16,631)	(13,992)	(95,609)	(52,343)
11	Loss for the period/year	(40,868)	(16,631)	(13,992)	(95,609)	(52,343)
12	Other Comprehensive Income					
	Items that will not to be reclassified to profit and loss					
(i)	Actuarial gains/(losses) on defined benefit plans	57	-	(52)	41	(101)
(ii)	Income Tax effect	(18)	-	17	(13)	31
	Total Other Comprehensive Income for the period/year	39	-	(35)	28	(70)
13	Total Comprehensive Income for the period/year (11+12)	(40,829)	(16,631)	(14,027)	(95,581)	(52,413)
14	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,759	73,621	73,759	73,621
15	Other Equity (Reserves and Surplus)				(51,469)	43,427
16	Earnings Per Share (EPS) (* Not Annualised)					
(a)	Basic EPS (Rs.)	* (5.54)	* (2.25)	* (1.90)	(12.96)	(7.11)
(b)	Diluted EPS (Rs.)	* (5.54)	* (2.25)	* (1.90)	(12.96)	(7.11)



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STATEMENT OF STANDALONE ASSETS AND LIABILITIES

Rs in Lakhs

Particulars

Standalone

As at March 31,
2018 As at March 31,
2017

Audited Audited

I ASSETS

(1) Non Current Assets

Property, Plant and Equipment
Capital Work in Progress
Intangible Assets
Intangible Assets under Development

4,86,777 5,06,180
4,48,618 4,01,457
9,813 187
- 9,506

9,45,208 9,17,330

Financial Assets
Investments
Other Financial Assets

2,087 2,087
1,099 1,260
3,186 3,347

Deferred Tax Assets (net)
Other Non Current Assets

34,493 13,260
11,379 31,998
45,872 45,258

(2) Current Assets

Inventories

69,842 77,538

Financial Assets

Investments
Trade Receivables
Cash and Cash Equivalents
Other Bank Balances
Current Loans
Other Current Financial Assets

- 1,020
1,465 345
7,678 3,556
9,906 8,171
293 3,655
11,052 1,912
30,394 18,659

Current Tax (net)
Other Current Assets

1,350 2,183
81,822 66,878
83,172 69,061

TOTAL ASSETS

11,77,674 11,31,193

II EQUITY AND LIABILITIES

(1) Equity

Equity Share Capital
Other Equity

73,759 73,621
(51,469) 43,427
22,290 1,17,048

(2) Liabilities

Non Current Liabilities

Financial Liabilities
Borrowings

96,753 5,73,746

Provisions
Other Non Current Liabilities

241 326
5,624 6
5,865 332

Current Liabilities

Financial Liabilities

Borrowings
Trade Payables
(i) Due to Micro and Small Enterprise
(ii) Due to others
Other Current Financial Liabilities

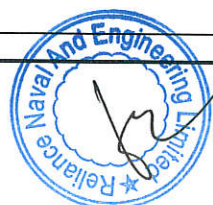
3,68,490 2,59,986
266 285
28,515 26,510
5,99,948 77,988
9,97,219 3,64,769

Other Current Liabilities
Provisions

8,592 7,850
46,955 67,448
55,547 75,298

TOTAL EQUITY AND LIABILITIES

11,77,674 11,31,193



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Notes :

- 1 After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on April 23, 2018.
- 2 In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which will be adjusted to the statement of profit and loss as and when actual cost is incurred.
- 3 The company primarily is in the business of Ship Building and Ship Construction having state of the art infrastructure facilities including Dry Dock complex, Goliath Cranes, Fabrication facilities, Blasting and Painting Cell, etc, and is capable of undertaking complex and large size/volume of fabrication for varied industries.

The overall infrastructure facility required currently available with the company are nearly new and have long useful life. For last few years there is a downtrend in the shipbuilding industry globally. In defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons.

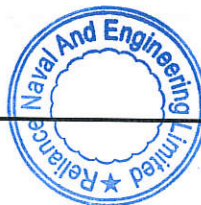
All these have resulted in temporary financial constraints on the Company, losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Therefore company has approached its lenders for an appropriate Resolution Plan with the objective to make the operations of the Company viable and sustainable. The Company is engaged with the Lenders for Resolution Plan.

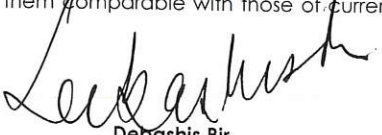
Considering the strength of the Company's world class infrastructure, business plans and future outlook as assessed, the management is quite confident to reach at some workable solution to resolve financial position of the Company and to continue as a going concern. The company is participating in several business opportunities both in and outside India, we are hopeful to get business in the coming years. Further, the promoters of the Company have supported company since management take over by them in January 2016 and will continue to do so in future in their capacity as promoters.

Pending such resolution and on considering the facts given in above Paras:

- a. Accounts have been prepared on going concern basis;
 - b. The company continued to account for deferred tax assets on losses, which will be available for set off against future profits in view of the anticipated orders and opportunities in the defence and non-defence sector and expected resolution with the secured Lenders and improved availability of working capital; and
 - c. No provision for impairment of Non-current assets have been considered necessary.
- 4 Exceptional Item for the year ended March 31, 2018 represent one time cost towards right of recompense payable to the lenders on exit from CDR.
 - 5 During the year ended March 31, 2018, the Company has allotted 13,84,994 Equity Shares having face value of Rs 10 each per share at a premium of Rs. 49.35 per share and 4,22,45,764 Compulsorily Redeemable Preference Shares having face value of Rs 10 each per share to one of its lenders against partial conversion of its outstanding debts.
 - 6 (a) The Company had issued a corporate guarantee for loan availed by Reliance Marine and Offshore Limited ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the year, IFCI has issued a loan recall notice and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 due to continued default in repayment of principal and interest against RMOL and the Company. In response to the recall notice, the company and RMOL has requested to the lender to liquidate the securities available with them and has offered to settle the balance amount through promoters' support. The petition filed by the lender is not yet admitted by the NCLT. Accordingly, no provision against the above corporate guarantee is considered necessary at this stage.
 - 6 (b) The Company has submitted to the lenders its Resolution Plan for the outstanding secured debts which is under consideration. During the quarter the lenders have recalled all the loans and have invoked the shares pledged and guarantees available with them.
 - 7 The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
 - 8 The figures for the quarter ended March 31, 2018 and March 31, 2017 are the balancing figures between the audited figure in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year. The figures for the previous periods and for the year ended March 31, 2017 have been regrouped and reclassified to make them comparable with those of current year.

Place :- Mumbai
Date :- April 23, 2018




Debashis Bir
Whole Time Director and Chief Executive Officer
DIN - 01932925



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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF
RELIANCE NAVAL AND ENGINEERING LIMITED**
(FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)

1. We have audited the accompanying Statement of Standalone Financial Results of **Reliance Naval And Engineering Limited** (Formerly Known As Reliance Defence And Engineering Limited) ("the Company") for the year ended 31st March 2018 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.
2. The Statement, which is the responsibility of the Company's Management and approved by its Board of Directors, has been prepared on the basis of the related Standalone Ind AS Audited Financial Statements which are in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit.
3. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



4. We draw your attention to the:

a) Material Uncertainty Related to Going Concern

Note no. 3 to the statement regarding preparation of standalone financial results of the Company on going concern basis and also recognition of Deferred Tax Assets (DTA) on tax losses notwithstanding the fact that the Company has been incurring cash losses, its net worth has been substantially eroded as on 31st March, 2018, loans have been called back by secured lenders, current liabilities are substantially higher than current assets, applications have been made to National Company Law Tribunal (NCLT), Ahmedabad, under section 9 of the Insolvency Bankruptcy Code 2016 and winding up petitions been filed before Hon'ble Gujarat High Court for recovery of their dues by few operating creditors, for the reasons stated in the said note. The Company is also of the view that no impairment of its noncurrent assets is required. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. The appropriateness of assumption of going concern, recognition of DTA and evaluation of recoverable value of its noncurrent assets is critically dependent upon the approval of Company's resolution plan by the secured lenders, the Company's ability to raise requisite finance / generate cash flows in future to meet its obligations and to earn profits in future.

b) Note no. 6(a) to the statement regarding applications under section 7 of the Insolvency and Bankruptcy Code, 2016 against the Company as a corporate guarantor for the loans taken by Reliance Marine and Offshore Limited (RMOL), a wholly owned subsidiary. The Management is of the view that the value of securities available in RMOL is sufficient to recover the outstanding dues of IFCL Limited. Accordingly, no provision against the claim under the invoked corporate guarantee is considered necessary.

Our opinion is not modified in respect of these matters.

5. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the statement:

i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated 5th July, 2016; and



- ii) gives a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the net loss (financial performance including other comprehensive income) and other financial information of the Company for the year ended 31st March, 2018.
6. The Statement includes the results for the Quarter ended 31st March, 2018 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No. 46806



Place: Mumbai
Dated: 23rd April, 2018

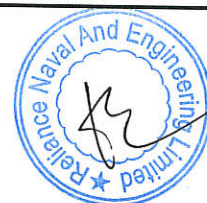
Reliance Naval and Engineering Limited
(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

Registered Office: Pipavav Port, Post Uchhaiya, Via Rajula, Dist. Amreli, Gujarat - 365 560, India.

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2018

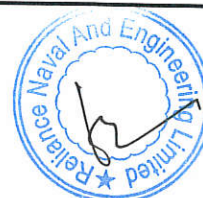
Sr. No.	Particulars	Rs in Lakhs	
		For the year ended March 31, 2018	For the year ended March 31, 2017
		Audited	Audited
1	Income		
(a)	Revenue from Operations	37,856	56,405
(b)	Other Income	7,857	3,907
	Total Income	45,713	60,312
2	Expenses		
(a)	Cost of Materials Consumed	34,628	23,153
(b)	Purchase of Traded Goods	4,354	4,473
(c)	Changes in Inventories of Work in Progress & Scrap	(160)	4,095
(d)	Excise Duty	8	71
(e)	Employee Benefits Expense	3,392	3,812
(f)	Labour/Fabrication and Subcontractor Charges	10,017	7,540
(g)	Cost Estimated for Revenue Recognised (Refer note no 2)	(24,853)	(3,487)
(h)	Provision for Liquidated Damages	8,494	-
(i)	Provision for Impairment of Current Assets	10,289	-
(j)	Other Expenses	9,565	13,328
	Total Expenses	55,734	52,985
3	Profit/(Loss) from Operations before Depreciation/Amortisation cost and Finance Cost (1-2)	(10,021)	7,327
4	Finance Costs	75,408	62,550
5	Depreciation and Amortisation Expenses	20,773	20,789
6	Profit / (Loss) Before Exceptional Items and Tax (3-4-5)	(1,06,202)	(76,012)
7	Exceptional Items (Refer note no 5)	(16,240)	-
8	Profit / (Loss) before Tax (6+7)	(1,22,442)	(76,012)
9	Tax Expenses- 'Deferred Tax Credit	21,245	18,280
10	Profit / (Loss) for the year from continued operations (8+9)	(1,01,197)	(57,732)
11	Add:- Consolidated share in the profits of associate (Current Year: Rs 0.08 lacs)	-	10
12	Loss for the year (10+11)	(1,01,197)	(57,722)
13	Other Comprehensive Income		
(a)	Items that will be reclassified to profit and loss		
	Exchange differences on translation of foreign operations (Previous Year: Rs 0.17 Lacs)	(1)	-
(b)	Items that will not to be reclassified to profit and loss		
	Actuarial gains/(losses) on defined benefit plans	41	(102)
	Income Tax effect	(13)	31
	Total Other Comprehensive Income for the year (13a+13b)	27	(71)
14	Total Comprehensive Income for the year (12+13)	(1,01,170)	(57,793)
15	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,621
16	Other Equity (Reserves and Surplus)	(29,415)	71,071
17	Earnings Per Share (EPS)		
(a)	Basic EPS (Rs.)	(13.72)	(7.84)
(b)	Diluted EPS (Rs.)	(13.72)	(7.84)



STATEMENT OF AUDITED CONSOLIDATED ASSETS AND LIABILITIES

Rs in Lakhs

Particulars	As at March 31, 2018 Audited	As at March 31, 2017 Audited
I ASSETS		
(1) Non Current Assets		
Property, Plant and Equipment	5,43,870	5,64,239
Capital Work in Progress	4,69,208	4,17,315
Intangible Assets	9,814	187
Intangible Assets under Development	-	9,506
	10,22,892	9,91,247
Goodwill on Consolidation	1,019	1,019
Financial Assets		
Investments	30,212	30,212
Other Financial Assets	9,546	7,208
	39,758	37,420
Deferred Tax Assets (net)	34,493	13,260
Other Non Current Assets	17,127	37,746
	51,620	51,006
(2) Current Assets		
Inventories	69,849	77,546
Financial Assets		
Investments	74	1,322
Trade Receivables	1,465	345
Cash and Cash Equivalents	7,754	3,636
Other Bank Balances	9,906	8,233
Other Current Financial Assets	10,972	414
	30,171	13,950
Current Tax (net)	2,302	2,957
Other Current Assets	81,837	67,028
	84,139	69,985
TOTAL ASSETS	12,99,448	12,42,173
II EQUITY AND LIABILITIES		
(1) Equity		
Equity Share Capital	73,759	73,621
Other Equity	(29,415)	71,071
	44,344	1,44,692
(2) Liabilities		
Non Current Liabilities		
Financial Liabilities		
Borrowings	1,12,691	5,95,826
Provisions	241	326
Other Non Current Liabilities	5,624	6
	5,865	332
Current Liabilities		
Financial Liabilities		
Borrowings	4,22,226	2,99,308
Trade Payables		
(i) Due to Micro and Small Enterprise	266	285
(ii) Due to others	28,930	26,880
Other Current Financial Liabilities	6,29,575	99,553
	10,80,997	4,26,026
Other Current Liabilities	8,592	7,850
Provisions	46,959	67,447
	55,551	75,297
TOTAL EQUITY AND LIABILITIES	12,99,448	12,42,173



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**Report of Segment wise Revenue, Results, Assets and Liabilities,
under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

Rs in Lakhs

Sr. No.	Particulars	Consolidated	
		For the year ended March 31, 2018	For the year ended March 31, 2017
		Audited	Audited
1.	Segment Revenue		
	a) Ship-building & Fabrication	33,517	51,946
	b) Trading	4,339	4,459
	Total	37,856	56,405
	Less : Inter-segment Revenue	-	-
	Net Income from Operations	37,856	56,405
2.	Segment Results		
	(Profit before tax & interest from each segment)		
	a) Ship-building & Fabrication	(36,597)	(14,807)
	b) Trading	(15)	(15)
	Total	(36,612)	(14,822)
	Less : i) Finance Costs	75,408	62,550
	ii) Other unallocable expenditure net off unallocated income	(5,818)	(1,360)
	Total Profit Before Tax	(1,06,202)	(76,012)
3.	Segment Assets		
	a) Ship-building & Fabrication	10,86,847	10,28,699
	b) Trading	-	-
	c) Unallocated	2,12,601	2,13,473
4.	Segment Liabilities		
	a) Ship-building & Fabrication	89,196	1,07,467
	b) Trading	-	-
	c) Unallocated	11,65,908	9,90,013

Segments have been identified based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used. Accordingly the Company has identified two segments within the meaning of Ind-AS 108 on "Operating Segment".

- Ship building and Fabrication includes shipbuilding, repairs and fabrication activities at SEZ and EOU units of the Company situated at Pipavav, Gujarat.
- Trading includes trading activities of precious metal carried out by one of the subsidiary Company.

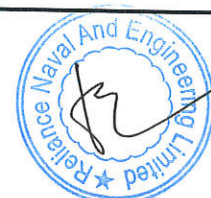
Notes :

- After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on April 23, 2018.
- In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which will be adjusted to the statement of profit and loss as and when actual cost is incurred.
- The company primarily is in the business of Ship Building and Ship Construction having state of the art infrastructure facilities including Dry Dock complex, Goliath Cranes, Fabrication facilities, Blasting and Painting Cell, etc, and is capable of undertaking complex and large size/volume of fabrication for varied industries.

The overall infrastructure facility required currently available with the company are nearly new and have long useful life. For last few years there is a downtrend in the shipbuilding industry globally. In defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons.

All these have resulted in temporary financial constraints on the Company, losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Therefore company has approached its lenders for an appropriate Resolution Plan with the objective to make the operations of the Company viable and sustainable. The Company is engaged with the Lenders for Resolution Plan.

Considering the strength of the Company's world class infrastructure, business plans and future outlook as assessed, the management is quite confident to reach at some workable solution to resolve financial position of the Company and to continue as a going concern. The company is participating in several business opportunities both in and outside India, we are hopeful to get business in the coming years. Further, the promoters of the Company have supported company since management take over by them in January 2016 and will continue to do so in future in their capacity as promoters.

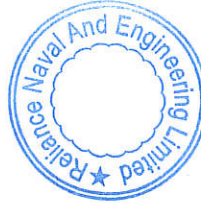


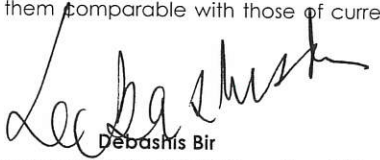
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Pending such resolution and on considering the facts given in above Paras:

- a. Accounts have been prepared on going concern basis;
 - b. The company continued to account for deferred tax assets on losses, which will be available for set off against future profits in view of the anticipated orders and opportunities in the defence and non-defence sector and expected resolution with the secured Lenders and improved availability of working capital; and
 - c. No provision for impairment of Non-current assets have been considered necessary.
- 4 During the year ended March 31, 2018, the Company has allotted 13,84,994 Equity Shares having face value of Rs 10 each per share at a premium of Rs. 49.35 per share and 4,22,45,764 Compulsorily Redeemable Preference Shares having face value of Rs 10 each per share to one of its lenders against partial conversion of its outstanding debts.
- 5 Exceptional Item for the year ended March 31, 2018 represent one time cost towards right of recompense payable to the lenders on exit from CDR.
- 6 (a) The Company had issued a corporate guarantee for loan availed by Reliance Marine and Offshore Limited ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the year, IFCI has issued a loan recall notice and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 due to continued default in repayment of principal and interest against RMOL and the Company. In response to the recall notice, the company and RMOL has requested to the lender to liquidate the securities available with them and has offered to settle the balance amount through promoters' support. The petition filed by the lender is not yet admitted by the NCLT.
- 6 (b) The Company has submitted to the lenders its Resolution Plan for the outstanding secured debts which is under consideration. During the quarter the lenders have recalled all the loans and have invoked the shares pledged and guarantees available with them.
- 7 The Consolidated accounts have been prepared in accordance with Ind AS-110 on Consolidated Financial Statements and Ind AS-28 on Investment in Associate and Joint Ventures.
- 8 The figures for the year ended March 31, 2017 have been regrouped and reclassified to make them comparable with those of current year.

Place :- Mumbai
Date :- April 23, 2018




Debashis Bir

Whole Time Director and Chief Executive Officer
DIN - 01932925



INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF
RELIANCE NAVAL AND ENGINEERING LIMITED
(FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)**

1. We have audited the accompanying Statement of Consolidated Financial Results of **Reliance Naval And Engineering Limited** (Formerly Known As Reliance Defence And Engineering Limited) ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, for the year ended 31st March, 2018 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.
2. The Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related Consolidated Audited Financial Statements which are in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
4. We did not audit the financial statements of Subsidiaries, whose financial statements reflect total assets of Rs. 172,660 Lakhs as at 31st



March, 2018 and total revenue of Rs. 9,810 Lakhs for the year then ended on that date and financial statement of an Associate in which the share of profit of the group is Rs. 0.08 Lakh. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the statement to the extent they have derived from such financial statements is based solely on the reports of such other auditors.

Our Opinion on the Statement is not modified in respect of above matters with regard to our reliance on the reports of the other auditors.

5. We draw your attention to the:

a) Material Uncertainty Related to Going Concern

Note no. 3 to the statement regarding preparation of consolidated financial results of the Holding Company on going concern basis and also recognition of Deferred Tax Assets (DTA) on tax losses notwithstanding the fact that the Holding Company has been incurring cash losses, its net worth has been substantially eroded as on 31st March, 2018, loans have been called back by secured lenders, current liabilities are substantially higher than current assets, applications have been made to the National Company Law Tribunal (NCLT), Ahmedabad, under section 9 of the Insolvency Bankruptcy Code 2016 and winding up petitions been filed before Hon'ble Gujarat High Court for recovery of their dues by few operating creditors, for the reasons stated in the said note. The Holding Company is also of the view that no impairment of its noncurrent assets is required. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Holding Company's ability to continue as going concern. The appropriateness of assumption of going concern, recognition of DTA and evaluation of recoverable value of its noncurrent assets is critically dependent upon the approval of Holding Company's resolution plan by the secured lenders, the Holding Company's ability to raise requisite finance / generate cash flows in future to meet its obligations and to earn profits in future.

b) Note no. 6(a) to the statement regarding applications under section 7 of the Insolvency and Bankruptcy Code, 2016 against the Holding Company and Reliance Marine and Offshore Limited (RMOL), a wholly owned subsidiary for the loans taken by RMOL, by IFCI Limited ("IFCI") and applications yet to be admitted by the NCLT, Mumbai.

Our opinion is not modified in respect of these matters.

6. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us and based



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on the Consideration of the reports of the other auditors referred to in paragraph 4 above, the statement:

i) Includes the results of entities as given below:

List of Subsidiaries:

- E Complex Private Limited,
- Reliance Marine and offshore Limited,
- Reliance Lighter Than Air Systems Private Limited,
- Reliance Technologies and Systems Private Limited,
- Reliance Engineering and Defence Services Limited,
- PDOC Pte. Ltd. (incorporated and place of business at Singapore).

List of Associate:

- Conceptia Software Technologies Private Limited

- ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated 5th July, 2016; and
- iii) gives a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the consolidated net loss (financial performance including other comprehensive income) and other financial information of the Group for the year ended 31st March 2018.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner

Membership No. 46806



Place: Mumbai

Dated: 23rd April, 2018