

RELIANCE NAVAL AND ENGINEERING LIMITED

25TH ANNUAL REPORT

For the year ended 31.03.2022

BOARD OF DIRECTORS

Suspended during CIRP

Mr. Venkata Rachakonda

(Ceased to be a director w.e.f. September 30, 2023)

Ms. Shiby Jobby

(Ceased to be a director w.e.f. September 30, 2023)

Mr. Debashis Bir Niharkumar

(Ceased to be a director due to demise w.e.f. April 12, 2021)

Reconstituted Board of Directors

Mr. Nikhil Merchant

(Appointed as Chairman & Managing Director w.e.f. December 08, 2023)

Mr. Paresh Merchant

(Appointed as a Director w.e.f. December 08, 2023)

Mr. Bhavik Merchant

(Appointed as a Director w.e.f. December 08, 2023)

Mr. Vivek Merchant

(Appointed as a Director w.e.f. December 08, 2023)

Mr. Arvind Morbale

(Appointed as Whole-time Director w.e.f. December 14, 2023)

Mr. Arun Sinha

(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Ashishkumar Bairagra

(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Kaiyoze Billimoria

(Appointed as an Independent Director w.e.f. December 14, 2023)

Ms. Maya Sinha

(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Prabhakar Reddy Patil

(Appointed as an Independent Director w.e.f. December 16, 2023)

KEY MANAGERIAL PERSONNEL

Mr. Madan Pendse

(Ceased to be Chief Financial Officer w.e.f. May 31, 2022)

Mr. Rishi Chopra

(Appointed as a Chief Financial Officer w.e.f. February 03, 2023)

Mr. Vishant Shetty

(Appointed as a Company Secretary w.e.f. December 08, 2023)

STATUTORY AUDITORS

M/s. Pipara and Co LLP, Chartered Accountants

SECRETARIAL AUDITOR

M/s Jignesh M Pandya & Co, Company Secretaries

RESOLUTION PROFESSIONAL

Sudip Bhattacharya

IBBI Registration no.:

IBBI/IPA-003/IP-N00080/2017-18/10703

(Ceased to be Resolution Professional w.e.f. December 23, 2022)

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REGISTERED OFFICE

Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli 365 560, Gujarat

Tel No. +91 2794 305000

Fax no. +91 2794 305100

E-mail: rnel@swan.co.in

WEBSITE

www.rnaval.co.in

Registrar And Transfer Agent

KFin Technologies Limited

(Formerly KFin Technologies Private Limited), Selenium Tower – B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda, Hyderabad 500 032

Website: www.kfintech.com

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of **RELIANCE NAVAL AND ENGINEERING LIMITED** will be held on Friday, November 08, 2024 at 3.00 P.M. (IST) through Video Conferencing (“**VC**”) or Other Audio-Visual Means (“**OAVM**”) for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

The audited Financial Statements (Standalone & Consolidated) of the Company for the Financial Year ended March 31, 2022 together with the reports of the Board of Directors and the Auditors thereon.

SPECIAL BUSINESS:

2. To appoint M/s N. N. Jambusaria & CO., Chartered Accountants as Statutory Auditors of the Company to fill casual vacancy caused due to resignation of the existing Statutory Auditors.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s N. N. Jambusaria & CO., Chartered Accountants (FRN.: 104030W), who have given their consent letter along with required certificate under Section 141 to the effect that their appointment, if made, would be within the limits specified under Section 139 of the Act, be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of the Statutory Auditors M/s Pipara & Co LLP, Chartered Accountants (FRN: 107929W /W100219) to hold the office until the conclusion of the Annual General Meeting for the financial year 2023-24, on a remuneration of Rs 16.30 lakh per annum, excluding reimbursement of out-of-pocket expenses for the audit of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all the necessary actions and to do all such acts, deeds, matters and things, as may be necessary, proper and desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**BY ORDER OF THE BOARD
RELIANCE NAVAL AND ENGINEERING LIMITED**

**Sd/-
PARESH MERCHANT
DIRECTOR
DIN: 00660027**

Date: October 17, 2024

Place: Mumbai

Registered Office

Pipavav Shipyard Limited Pipavav Port,
Post Ucchaya, Via Rajula, Rajual,
Gujarat, India, 365 560

NOTES:

1. Pursuant to the Order dated January 15, 2020 of the Hon’ble National Company Law Tribunal, Ahmedabad (“NCLT Order”), Corporate Insolvency Resolution Process (“CIR Process”) has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, (“Code”) and related rules and regulations issued thereunder with effect from January 15, 2020 (Corporate Insolvency Resolution Process Commencement Date).

During the financial year, the suspended management and the resolution professional were responsible for managing the affairs of the Company. Since the Annual General Meeting (AGM) for the financial year 2021-22 was pending, the reconstituted Board of Directors decided to convene the AGM to fulfill regulatory requirements under the Companies Act, 2013, read with applicable rules and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). The reconstituted Board has made every effort to complete the compliance regarding the AGM for the financial year ending 2021-22. However, the reconstituted Board is not responsible for any non-compliance arising from the delay or any other non-compliance in conducting the AGM for that financial year.

2. In light of the relaxation provided by the Ministry of Corporate Affairs through various circulars issued over time, the latest being General Circular No. 09/2024 dated September 19, 2024, your Company will conduct the 25th AGM exclusively through the VC/OAVM facility.
3. Further, based on the relaxation provided by the Securities and Exchange Board of India through various circulars issued over time, the latest being Circular dated October 03, 2024, the electronic copies of the Notice of 25th AGM and Annual Report for the financial year 2021-22 are being sent to all the Members whose e-mail IDs are registered with the Company/Depository on October 11, 2024 being record date for the purpose of AGM.
4. The Company has made necessary arrangements for the participation of the Members in the 25th AGM through the VC / OAVM facility provided by KFin Technologies Limited (KFintech). The instructions for participation by the Members in the AGM are given in the subsequent paragraphs. Members may note that the VC facility provided by KFintech, allows participation of at least 1000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.
5. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting with necessary instructions are given in the subsequent paragraphs.
6. Members are requested to note that the Monitoring Committee, in accordance with the order of the Honourable NCLT, Ahmedabad Bench, dated December 23, 2022, fixed Friday, July 14, 2023, as the Record Date for the cancellation and extinguishment of all currently outstanding ordinary equity shares, as well as for the issuance of fresh equity shares to existing shareholders and Hazel Infra Limited.
7. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Friday, November 1, 2024 may cast their vote by remote e-Voting. The remote e-voting period commences on November 02, 2024 (09:00 hours IST) and ends on November 07, 2024 (17:00 hours IST). The remote e-voting module shall be disabled by KFintech for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e., November 01, 2024.
8. Members joining the meeting through VC / OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC / OAVM but shall not be entitled to cast their vote again.
9. The reconstituted Board has appointed CS Jignesh Pandya, Practicing Company Secretary (Membership No. ACS 7346) (PCS No. 7318), to act as the Scrutinizer, to scrutinize the remote e-voting and e-voting process in a fair and transparent manner.
10. As the 25th AGM is being held through VC/OAVM as permitted under the aforesaid MCA and the SEBI Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 25th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
11. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting / e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to jjigneshpandyacs@gmail.com (scrutinizer email) with a copy marked to rnel@swan.co.in.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. As permitted under the said MCA and SEBI Circulars, the notice of the 25th AGM along with the Annual Report 2021-22 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2021-22 will also be available on the Company's website at www.rnaval.co.in websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFintech at <https://evoting.kfintech.com>.
14. As the 25th AGM is being held through VC / OAVM, the route map is not annexed to this Notice.

**BY ORDER OF THE BOARD
RELIANCE NAVAL AND ENGINEERING LIMITED**

**Sd/-
PARESH MERCHANT
DIRECTOR
DIN: 00660027**

Date: October 17, 2024
Place: Mumbai

INSTRUCTIONS FOR REMOTE E-VOTING

- Use the following URL for e-voting from KFintech website: <https://evoting.kfintech.com>.
Members of the Company holding shares either in physical form or in dematerialized form, as on November 1, 2024, the cutoff date, may cast their vote electronically.
- Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFintech for e-voting, use your existing User ID and password for casting your votes.
- After entering the details appropriately, click on LOGIN.

You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$ etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

You need to login again with the new credentials.

- On successful login, the system will prompt you to select the EVENT i.e., Reliance Naval and Engineering Limited.
On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/ dissenting to the resolution, enter all shares and click 'FOR'/AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.

The Portal will open for voting on November 02, 2024 (09:00 hours IST) and closes on November 07, 2024 (17:00 hours IST).

Procedure to login through websites of Depositories

NSDL	CDSL
<p>1. Users already registered for IDeAS facility of NSDL</p> <ol style="list-style-type: none"> Click on URL: https://eservices.nsd.com. Click on the "Beneficial Owner" icon under 'IDeAS' section. Enter your User ID and Password for accessing IDeAS, On successful authentication, you will enter your IDeAS service login. Click on "Access to e-Voting". Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period. <p>2. Users not registered for IDeAS facility of NSDL</p> <ol style="list-style-type: none"> To register, click on URL: https://eservices.nsd.com Select "Register Online for IDeAS". Proceed to complete registration using your DPID, Client ID, Mobile Number, etc. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote. 	<p>1. Users already registered for Easi / Easiest facility of CDSL</p> <ol style="list-style-type: none"> Click on URL: https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi Enter your User ID and Password for accessing Easi / Easiest. Click on Company name or e-voting service provider for casting the vote <p>2. Users not registered for Easi / Easiest facility of CDSL</p> <ol style="list-style-type: none"> To register, click on URL https://web.cdslindia.com/myeasi/home/login Proceed to complete registration using your User ID, Client Id, Mobile Number, etc. After successful registration, please follow steps give under Sr. No. 1 above to cast your vote.
<p>3. Users may directly access the e-voting module of NSDL as per the following procedure:</p> <ol style="list-style-type: none"> Click on URL: https://www.evoting.nsd.com/ Click on the button "Login" available under "Shareholder / Member" section. Enter your User ID (i.e. 16-digit demat account number held with NSDL), login type, Password / OTP and Verification code as shown on the screen On successful authentication, you will enter the e-voting module of NSDL Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period. 	<p>3. Users may directly access the e-voting module of CDSL as per the following procedure:</p> <ol style="list-style-type: none"> Click on URL: www.cdslindia.com Provide demat account number and PAN System will authenticate user by sending OTP on registered mobile & email as recorded in the demat account On successful authentication, your will enter the e-voting module of CDSL. Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period.

Procedure to login through their demat accounts / website of Depository Participant

NSDL	CDSL
Individual shareholders holding shares of the Company in Demat mode can access e-Voting facility provided by the Company using login credentials of their demat accounts (online accounts) through their demat accounts / websites of Depository Participants registered with NSDL/CDSL. An option for “e-Voting” will be available once they have successfully logged-in through their respective logins. Click on the option “e-Voting” and they will be redirected to e-Voting modules of NSDL/CDSL (as may be applicable). Click on the e-Voting link available against the name of Company or select e-Voting service provider “KFintech” and you will be redirected to the e-Voting page of KFintech to cast your vote without any further authentication.	
Members who are unable to retrieve User ID / Password are advised to use “Forgot User ID” / “Forgot Password” options available on the websites of Depositories / Depository Participants.	
Contact details in case of technical issue on NSDL website	Contact details in case of technical issue on CDSL website
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or Call of toll free No.1800 225 533

Immediately after the conclusion of voting at the AGM, the scrutinizer shall first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The scrutinizer shall prepare a consolidated scrutinizer’s report of the total votes cast in favor or against, if any. This report shall be made to the Chairman or any other person authorized by the Chairman, who shall declare the result of the voting forthwith.

The voting results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.rnaval.co.in and the website of the Registrar and Share Transfer Agent viz., <https://evoting.kfintech.com> immediately after the declaration of the result by the Chairman or a person authorized by the Chairman. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

INSTRUCTIONS FOR PARTICIPATING IN THE AGM THROUGH VC/OAVM

- Members will be able to attend the 25th AGM through VC/ OAVM through KFintech-voting system at <https://evoting.kfintech.com> under shareholders login by using the remote e-voting credentials and selecting the EVENT for the Company’s 25th AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice of AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging in to the e-voting system.
- Members will be required to use internet with a good speed to avoid any disturbance during the Meeting. It is recommended to join the Meeting through Google Chrome for better experience.
- Please note that Members connecting from mobile devices or tablets or through laptops etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- Members will be required to grant access to the web-cam to enable two-way video conferencing.
- REGISTRATION AS A SPEAKER FOR THE AGM
- Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL <https://evoting.kfintech.com/> and clicking on the tab ‘Speaker Registration’ and mentioning their registered e-mail id, mobile number, and city, during the period starting from November 02, 2024 (10:00 PM) till November 05, 2024, (6:00 P.M.). Only those members who have registered themselves as speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date i.e., November 01, 2024.
- Only those Members who will be present in the AGM through the VC / OAVM facility and have not cast their vote through remote e-voting are eligible to vote through e-voting in the AGM.
- Members who need assistance or help during the AGM, can contact KFintech at toll free number 1800-309-4001 or write to them at evoting@kfintech.com

EXPLANATORY STATEMENT (PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

M/s Pipara & Co LLP, Chartered Accountants, the existing Statutory Auditors have vide their letter dated October 12, 2024 tendered their resignation to be made effective immediately. Due to resignation of M/s Pipara & Co LLP Chartered Accountants, Statutory Auditors and pursuant to the provisions of Section 139 (8) of the Companies Act, 2013 and the rules framed thereunder, the Board of Directors is required to fill the casual vacancy of the Statutory Auditors office within 30 days caused due to resignation of a Statutory Auditors subject to such appointment shall also be approved by the Shareholders of the Company within three months of the recommendation of the Board and the said Statutory Auditors shall hold office till the conclusion of the next annual general meeting.

Pursuant to the compliance of aforesaid section and based on the recommendations of the Audit Committee, the Board at its meeting held on October 17, 2024, has, subject to the approval of Shareholders of the Company, appointed M/s N.N. Jambusaria & Co. Chartered Accountant (FRN: 104030W) as Statutory Auditors of the Company to fill- casual vacancy caused due to resignation of M/s Pipara & Co LLP, Chartered Accountants and who shall hold the office until the conclusion of the Annual General Meeting for the financial year 2023-24, on a remuneration of Rs 16.30 lakh per annum, excluding reimbursement of out-of-pocket expenses for the audit of the Company.

The Company has received eligibility certificate as required under Section 141 of the Companies Act, 2013 from M/s N.N. Jambusaria & Co. Chartered Accountant, and they have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that their appointment if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Pursuant to Regulation 36(5) of SEBI Listing Regulation, the proposed fees payable to M/s N.N. Jambusaria & Co. Chartered Accountant is ₹ 12 lakh per annum. The said proposed fees shall exclude GST and inclusive of certification fees, applicable taxes, reimbursements, and other outlays. Proposed fees for the new incoming Statutory Auditors are at par with the outgoing Statutory Auditor.

The Board of Directors of the Company recommends the resolution for the approval of shareholders of the Company as an Ordinary Resolution. None of the Directors, Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested financially or otherwise in the said Resolution except to the extent to their shareholding in the Company, if any.

**BY ORDER OF THE BOARD
RELIANCE NAVAL AND ENGINEERING LIMITED**

**Sd/-
PARESH MERCHANT
DIRECTOR
DIN: 00660027**

Date: October 17, 2024
Place: Mumbai

Registered Office

Pipavav Shipyard Limited Pipavav Port,
Post Ucchaya, Via Rajula, Rajual,
Gujarat, India, 365560

DIRECTORS' REPORT

To,
The Members
Reliance Naval and Engineering Limited

The Reconstituted Board of Directors presents to the Members the 25th Annual Report of the Company on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2022. The standalone accounts of the Company were finalized, approved and signed by the erstwhile suspended Management of the Company and Resolution Professional.

The management of your Company was handed over to the Successful Resolution Applicant ("SRA") on January 04, 2024 by the Monitoring Committee, the disclosure whereof was duly given by the Chairman of the Monitoring Committee on January 04, 2024 to the stock exchanges.

Audited Standalone Accounts were handed over to us as approved by Resolution professional, this management has completed consolidation of accounts considering standalone financial as it is and the available information in respect of subsidiaries and associate concerns

The draft of the Accounts and Annual Report for the Financial Year ended March 31, 2021 which were prepared during the tenure of the Resolution Professional were subsequently handed over to the new management for approval and adoption. The new management solely for regularising the compliances without taking any responsibility or accountability for the contents thereof is placing the Accounts and Annual Report for the Financial Year ended March 31, 2021 to the shareholders for approval.

The New Management - Successful Resolution Applicant and Newly Constituted Board of Directors disclaims any and all liabilities for any statements made or omitted to be made in the Accounts and the Annual Report.

Members may kindly note that the incumbents of the reconstituted Board of Directors of the Company were not in office during the reporting period to which this Report primarily pertains. The erstwhile suspended management and the Resolution Professional were entrusted with and responsible for managing the affairs of the Company. The reconstituted Board of Directors of the Company have submitted this Report and approved the Financial Statements for the year ended 31st March, 2021 only to fulfil the regulatory requirements under the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The present Board of Directors disclaims any responsibility for all current and future liabilities, including contingent liabilities, crystallised, uncrystallised, arising from the non-compliance or non-disclosure of statutory obligations by the erstwhile management or the Resolution Professional, including but not limited to the Act, Listing Regulations, and other SEBI/Corporate Laws. This includes any claims, losses or damages related to actions or omissions of the previous management or Resolution Professional. Based on the immunity provided in the sanctioned resolution plan, the Company and the newly constituted Board of Directors are immune from all consequences arising from past activities or decisions of the former management or Resolution Professional. This disclaimer serves to clarify that the newly constituted Board of Directors of the Company, its officers and the new management are insulated from any irregularities or legal obligations incurred prior to taking over management control of the Company on January 4, 2024.

Members are informed that, pursuant to the Order dated January 15, 2020, of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT"), the Corporate Insolvency Resolution Process ("CIRP") was initiated for the Company under the Insolvency and Bankruptcy Code, 2016 ("IBC"/"Code") and related rules, effective from January 15, 2020 ("CIRP Commencement Date"). Shri Rajeev Sawangikar was appointed as the Interim Resolution Professional ("IRP") per the NCLT Order.

Subsequently, the Committee of Creditors ("CoC") resolved, with the requisite voting share, to replace the IRP with Shri Sudip Bhattacharya as the Resolution Professional ("RP"). The Hon'ble NCLT approved this appointment in its Order dated May 5, 2020.

The powers of the Board of Directors were suspended effective from the CIRP commencement date, with these powers and the management of the Company's affairs vested in the IRP/RP under Sections 17 and 23 of the Insolvency Code. According to Regulations 15(2A) & (2B) of the Listing Regulations, 2015, the provisions of Regulations 17, 18, 19, 20, and 21 concerning the Board of Directors and various committees do not apply to a listed entity undergoing CIRP. The roles and responsibilities specified under Regulation 17 will be fulfilled by the IRP/RP in accordance with the Insolvency and Bankruptcy Code.

Pursuant to its Order dated December 23, 2022 ("NCLT Order"), the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by Hazel Mercantile Limited ("Resolution Applicant") under Section 31 of the Code. The Approved Resolution Plan is binding on the corporate debtor and its employees, members, creditors, guarantors, and other stakeholders involved in the resolution process.

According to the Approved Resolution Plan, during the period between the NCLT Order and the Closing Date (as defined in the plan), a Monitoring Committee has been constituted, comprising two representatives of the Financial Creditors, two representatives of the Resolution Applicants, and the Erstwhile Resolution Professional, to manage the Company's affairs as a going concern and supervise the implementation of the Resolution Plan.

During the review period, the Company was not operational due to the suspension of management. Control was entrusted to the Resolution Professional. The management of the Company after the approval of the plan was vested in the Monitoring Committee and the Resolution Professional until January 4, 2024, when the newly constituted Board took over management control.

Members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan. The new Board presents the 25th Annual Report on business and operations of the Company along

RELIANCE NAVAL AND ENGINEERING LIMITED

with the Audited Statement of Accounts for the Financial year ended March 31, 2022.

As the powers of the Board of Directors were suspended, the standalone financial statements were approved by Mr. Madan Pendse, Chief Financial Officer, Ms. Shiby Jobby, Mr. Venkata Rachakinda Directors and RP on December 16, 2022.

In light of the above fact, the Directors Report for the financial year 2022, has been prepared using the available details, to the extent that they are applicable.

Financial Results

The financial performance of the Company, on standalone basis, for the financial year ended March 31, 2022 is summarised below:

(₹ in Lakhs)

Particulars	Financial year ended March 31, 2022	Financial year ended March 31, 2021
Total Income	1,739	3,058
Profit / (Loss) before taxation	(2,08,641)	(3,42,708)
Tax expenses (Net) (including deferred tax and tax for earlier years)	-	-
Profit / (Loss) after taxation	(2,08,641)	(3,42,708)
Other Comprehensive Income	-	81
Total Comprehensive Income for the year	(2,08,641)	(3,42,627)

Financial Performance:

During the financial year under review, your Company earned an income of ₹ 1739 lakhs against ₹ 3058 Lakhs in previous year. The Company incurred a loss after tax of ₹ 2,08,641 lakhs for the year as compared to ₹ 3,42,708 lakhs in the previous year.

Dividend:

During the year under review, since the Company was under CIRP and due to current year losses, no dividend on the equity shares of the Company has been recommended.

Reserves:

Due to losses, the Company has not proposed to carry any amount in reserve.

Subsidiary Companies, Associate and Joint venture:

As of March 31, 2022, the Company had five subsidiaries and one associate company. Three wholly owned subsidiaries were admitted under liquidation/CIRP by the NCLT, and IRP/RP were appointed. Accordingly, the investment in these companies, except for E complex Private Limited, has been impaired before March 31, 2020 and the investment in E complex Private Limited was impaired in previous financial year. Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of the Company	Nature of entity	Status
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP
2	RMOL Engineering and Offshore Limited	Wholly Owned Subsidiary	Under liquidation
3	REDS Marine Services Limited	Wholly Owned Subsidiary	Under liquidation
4	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Ongoing
5	PDOC Pte. Limited	Subsidiary	Ongoing
6	Conceptia Software Technologies Private Limited	Associate	Ongoing

Further, members are requested to note that the RP, in the capacity of an authorized person, prepared the Standalone Financial Statements of the Company for the year ended March 31, 2022, and approved and signed along with by Mr. Madan Pendse, Chief Financial Officer, Ms. Shiby Jobby, Mr. Venkata Rachakinda, Directors of the erstwhile management, on December 16, 2022. As the consolidation of the financial statements of the Company with its respective subsidiaries and associates was pending approval, the new management undertook efforts to collect financial information from subsidiaries and associates to ensure compliance with the Act and Listing Regulations provisions concerning the requirements of the consolidation of financials.

Despite the Management's efforts, the financial information of the subsidiaries was not available, and therefore, they were not considered for the consolidated financial statements. Consequently, the consolidated financial statements were prepared based on the standalone financial statements of the Company and the share of profit from its one associate, i.e. Conceptia Software Technologies Private Limited. Further, the Board of Directors at their meeting held on October 10, 2024, approved these consolidated financial statements for the year ended March 31, 2022.

Material Changes Post Closure of Financial Year:

Pursuant to the Order of the Hon'ble NCLT approving the Resolution Plan and upon implementation of the resolution plan, the following key changes shall result:

- (i) The cancellation and extinguishment of all presently outstanding equity shares held by the existing shareholders of the Corporate Debtor, subject to issuance of one fresh equity share of face value of ₹ 10/- for every 275 ordinary equity shares held by existing shareholder.

- (ii) Fresh allotment of 26,82,150 ordinary equity shares of face value of ₹ 10/- each to existing equity shareholders and the Special Purpose Vehicle (SPV) shall subscribe to 5,00,00,000 fresh ordinary equity shares of face value of ₹ 10/- each.
- (iii) Reconstitution of Board of Directors of the Company
- (iv) Reconstitution of various Committees of the Board of Directors of the Company
- (v) Listing application to the stock exchanges with regards to the reduction of existing share capital and re-issuance of shares to the existing shareholders in the ration of 275:1, as well as the allotment of 5,00,00,000 equity shares to the SPV.

Corporate Governance:

During the period under the review, the Control and Management of the Company was in the hands of the Resolution Professional. In view of the same a separate Corporate Governance Report to the extent applicable is attached with this report.

Number of Board Meetings and Committee meetings:

In accordance with Section 17 of the Code, upon the commencement of the Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors are suspended and are exercised by the Resolution Professional. Since the management of the Company's affairs has been vested in the Resolution Professional, no meetings of the Board of Directors or its committees have been held from the commencement of the CIRP until the year end.

Deposits:

During the year under review, the Company has neither accepted nor renewed any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the relevant Rules made there under. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2022.

Particulars of Loans, Guarantees or Investments:

Details of loans, guarantees or investments covered under the provisions of Section 186 of the Act are given in notes to the standalone financial statements forming part of the Annual Report.

Board Evaluation:

The powers of the Board of Directors were suspended from the commencement date of the Corporate Insolvency Resolution Process (CIRP), i.e., January 15, 2020. During this period, these powers and the management of the Company's affairs were vested in hands of Resolution Professional (RP) in accordance with Sections 17 and 23 of the Insolvency Code.

As stipulated in Regulations 15(2A) and (2B) of the Listing Regulations, 2015, the provisions outlined in Regulations 17, 18, 19, 20, and 21 concerning the Board of Directors and various committees do not apply to a listed entity undergoing CIRP.

Consequently, no formal annual evaluation was conducted for the directors' performance, or performance of the committees and individual directors, as mandated by Section 134 read with Rule 8(4) of the Companies (Accounts) Rules, 2014

Change in the nature of business:

There was no change in the nature of business of the Company during the year under review.

Significant and Material Orders impacting going concern basis passed by the regulators or courts or tribunals:

The Hon'ble National Company Law Tribunal ('NCLT') vide its order dated December 23, 2022, approved the resolution plan submitted by Hazel Mercantile Limited ("**Resolution Applicant**") for the Company under Section 31 of the Code. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding including but not limited on the Company and its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan.

Management Discussion and Analysis Report:

During the year under review, as the Company was completely un-operational and was under the supervision of Resolution Professional, requisites disclosures under this head are not required to be furnished.

Internal Financial Control ("IFC") systems and their adequacy:

As explained above, the management controls and affairs of the Company during the year under review were vested with the Resolution Professional. Consequently, the reconstituted Board and management of the Company are not in a position to confirm the existence or adequacy of the Company's internal financial controls over financial reporting during this period. Further, the reconstituted Board and management cannot be held liable for any implications arising from the absence of effective Internal Financial Control ("IFC") systems or any deficiencies identified during the reporting period.

Risk Management:

As mentioned above, the management controls and affairs of the Company during the year under review were vested with the Resolution Professional. As a result, the reconstituted Board and management are unable to confirm the effectiveness of the Risk Management Practices implemented during the reporting period.

Particulars of employees and related Disclosures:

Due to absence of information, the reconstituted Board is unable to furnish the disclosures required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' Responsibility Statement/ Statement by the Resolution Professional ("RP") and erstwhile management:

Members may kindly note that, the Directors of the Reconstituted Board were not in office for the period to which this report primarily pertains. During the reporting period, the Resolution Professional was entrusted with and responsible for the management of the affairs of the Company. The standalone financial statement of the Company for the year ended March 31, 2022 has been prepared by resolution professional (RP) and audited by the statutory auditors during CIRP period. Consequently, the Reconstituted Board of Directors cannot confirm compliance with Section 134(5) of the Act regarding the preparation of the standalone financial statements for that financial year.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013:

As explained above, due to the unavailability of confirmation regarding the disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the reconstituted Board is not in a position to confirm the status of the disclosure during the reporting period.

Statutory Auditors and Auditors' Report:

At the 23rd Annual General Meeting (AGM) of the Company, held on November 10, 2020, M/s. Pipara and Co LLP, Chartered Accountants, were appointed as the statutory auditors of the Company to hold office for a term of 5 consecutive years until the conclusion of the 28th AGM of the Company.

As the standalone financial statements for the financial year ended March 31, 2022, were approved by Mr. Madan Pendse, Chief Financial Officer, and Ms. Shiby Jobby, Mr. Venkata Rachakinda, Directors of the erstwhile management and RP, on December 16, 2022, the reconstituted Board is not in a position to respond to the qualifications/reservations made by the statutory auditors of the Company.

Cost Auditors and Cost Audit Records:

During the year under review, the Company was under the Corporate Insolvency Resolution Process. The Management of the Company was under the control of Resolution Professional and there was no appointment of Cost Auditors during the Reporting Period.

Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Resolution professional had appointed M/s. Jignesh M Pandya & Co, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is attached herewith as **Annexure A**.

The observations and comments given by the Secretarial Auditor in their Report are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

Contracts and arrangements with related parties:

The transactions with Related Parties have been disclosed in the financial statement of the Company for FY 2021-22.

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information & Code of Conduct to Regulate, Monitor and Report Trading by Insiders

As explained above, due to the unavailability of confirmation regarding the compliance status of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information & Code of Conduct to Regulate, Monitor and Report Trading by Insiders, the reconstituted Board is not in a position to confirm the status of compliance/ disclosure during the reporting period.

Familiarization programme for Independent Director:

Due to the lack of confirmation regarding the Familiarization Programme provided to the Independent Directors, the reconstituted Board is unable to verify compliance with this disclosure.

Vigil Mechanism:

Due to the lack of confirmation regarding compliance under the Vigil Mecanism system, the reconstituted Board is unable to verify compliance with this disclosure.

Acknowledgement:

The new Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review and also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of Board of Directors

Sd/-
Paresh Merchant

Director
DIN: 00660027

Sd/-
Nikhil Merchant

Director
DIN: 00614790

Date: October 17, 2024

Place: Mumbai

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Reliance Naval and Engineering Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Reliance Naval and Engineering Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended on 31st March, 2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **NOT APPLIABLE DURING THE PERIOD UNDER REVIEW**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **NOT APPLIABLE DURING THE PERIOD UNDER REVIEW** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **NOT APPLIABLE DURING THE PERIOD UNDER REVIEW**;
- (vi) Laws applicable to the industry to which the Company belongs, as identified by the Management is given in the enclosed **Annexure 2**.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. The Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"), vide its order dated 15th January, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process (CIRP) of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on 13th March, 2020, the Committee of Creditors (the "CoC") had replaced the said IRP with Mr. Sudip Bhattacharya as Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020.

The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant) in the CIRP of the Company that was

approved by the members of the CoC in their meeting, has now been approved by the NCLT on 23rd December, 2022. With the approval of the Resolution Plan, the CIRP of the Company has concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from 23rd December, 2022. Further, as per the terms of the approved Resolution Plan, a monitoring committee was constituted (to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company shall be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan). The monitoring committee is constituted of 5(five) members: (a) 2(two) members identified and appointed by the Resolution Applicant; (b) 2(two) representatives identified and appointed by the Financial Creditors; and (c) 5th (fifth) member an independent insolvency professional.

In view of the on-going implementation of Plan and the powers of Board of Directors remain suspended and hence, as explained to us, the powers of adoption of accounts vests with monitoring committee.

Erstwhile CFO had rendered his resignation on 16th May, 2022 and Company has appointed Mr. Rishi Chopra as CFO w.e.f. 3rd February, 2023. In the absence of Company Secretary, and the appointment of new Chief Financial Officer after 30th September, 2022, the RP have made all practical and reasonable efforts from time to time to gather details to prepare the accounts, despite various challenges and complex circumstances.

We draw your attention that an Interim Application was filed by the Successful Resolution Applicant seeking direction from the Hon'ble NCLT to extend the timeline (23rd March, 2023) for upfront payment by four months. The matter was listed on 15th March, 2023 and 17th April, 2023. On 17th April, 2023, the Hon'ble Tribunal adjourned the matter to 10th May, 2023.

We have been engaged to carry out Secretarial Audit by the said Monitoring Committee.

2. No documents, data or other requisite documents/information's/details/records were available for our verification and accordingly we cannot comment on the compliance status of the company with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
3. No documents, data or other requisite documents/information's/details/records were available for our verification and accordingly we are unable to comment that the Board of Directors of the Company is duly constituted and there is proper balance of Executive Directors, Non-Executive Directors and Independent Directors. We are unable to report that the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
4. As no details are received from the company, we are unable to verify whether adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
6. We are unable to report that Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
7. Further, we are unable to report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
8. Further, as stated above, since we have not received any documents/ details/ information/records from the Company, we cannot comment on the compliance status of the Company with all the applicable laws including Companies Act, 2013, statutes, rules, regulations, guidelines, standards etc.
9. We also report following observation during audit period:

It may be noted that as per the provisions of IBC Code and provisions of Regulation 15 (2A) and (2B) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI(LODR)) as amended from time to time, the provisions specified in regulation 17, 18, 19, 20, 21 shall not be applicable during the CIRP. The conditions as specified in said regulations of the SEBI (LODR) shall not be useful during the CIRP and the roles and responsibilities of the Board of Directors and the Committees, specified in the respective regulations, shall be fulfilled by the Resolution Professional or Resolution Professional, as the case may be.

10. We would like to highlight following non-compliances during the period under review;

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Deviations
01	Regulation 7(3) – Compliance Certificate for Share Transfer for the year ended 31-03-2022	Delayed submitted to the Stock Exchanges
02	Regulation 13(3) of SEBI (LODR) Regulations, 2015 Investor Complaint Report for For quarter ended June 2021, Sept., 2021, Dec 2021, March, 2022.	Delayed submitted to the Stock Exchanges

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Deviations
03	Regulation 23(9) of SEBI (LODR) Regulations, 2015 Related Parties disclosure For half year ended September, 2021, March, 2022.	Delayed submitted to the Stock Exchanges
04	Regulation 27(2) of SEBI (LODR) Regulations, 2015 Corporate Governance Report for the quarter June 21, Sept. 21, Dec 21, March 22	Delayed submitted to the Stock Exchanges
05	Regulation 31 of SEBI (LODR) Regulations, 2015 Shareholding pattern for quarter ended June 21, Sept 21, Dec 21, March 22	Delayed submitted to the Stock Exchanges
06	Reg. 33 of SEBI (LODR) Regulations, 2015 Financial Results in XBRL mode For quarter ended June 2021, Sept. 2021, Dec. 2021, March 2022.	Delayed submitted to the Stock Exchanges
07	Reg. 33 of SEBI (LODR) Regulations, 2015 Standalone Financial Results For quarter ended June 21, September 2021, December 2021, March 2022.	Delayed submitted to the Stock Exchanges
08	Reg. 33 of SEBI (LODR) Regulations, 2015 Consolidated Financial Results For quarter ended June 21, Sept 21, Dec 21, March 2022	Non-Submission to the stock exchanges
09	Reg. 40 (9) of SEBI (LODR) Regulations, 2015 Certificate from PCS regarding dispatch fo share certificates for the FY 2021-22	Delayed submitted to the Stock Exchanges
10	Reg. 76 of SEBI (Depositories and Participants) Regulations, 2018 for quarter ended 30 th June, 2021, September 2021, December, 2021, March 22 quarter.	Delayed submitted to the Stock Exchanges
11	Reg. 74(5) of SEBI (Depositories and Participants) Regulations 2018 Confirmation pertaining to share certificates have been dematerialized for all quarters of financial year 2021-22.	Delayed submitted to the Stock Exchanges
12	SEBI Circular SEBI/HO/DDHS/CIRRJP/2018/144 dated 26 th November, 2018 read with BSE Circular No. LIST/COMP/05/2019-20 dated April 11, 2019 Fund raising by issuance of Debt securities by large entity For financial year ended 31 st March, 2022	Delayed submitted to the Stock Exchanges
13	Reg. 34 of SEBI (LODR) Regulations, 2015 Annual Report for the financial year 2020-21	Non-Submission to the stock exchanges

- 1) Form AOC-4 XBRL for the year ended 31st March, 2021 not filed with ROC.
- 2) Form MGT-7 for the year ended 31st March, 2021 not filed with ROC

11. No documents, data or other requisite documents/information/details/records were available for our verification and accordingly we are unable to comment on the compliance status of the Company with the provisions of the following Rules and Regulations:

Sr. No.	Regulations/Provisions of the Regulations/Circular
1	SEBI (Prohibition of Insider Trading) Regulations, 2015
2	SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
3	SEBI (Depositories and Participants) Regulations, 2018
4	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
5	Following Regulations of the SEBI (LODR) Regulations, 2015 <ul style="list-style-type: none"> - Regulation 22 - Regulation 23 - Regulation 24 - Regulation 39 - Regulation 40 - Chapter V and VI
6	SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019

Note:

- For the above-mentioned period company was not operating as management was suspended during the period. The Management and control of the Company, during the period was entrusted with the Resolution Professional. The mechanism of management of affairs of the Company after approval of plan was vested with Monitoring Committee and Resolution Professional till plan is being implemented fully and new Board new management is put in place.
- The Company has not complied with any of the Companies Act compliances and compliances of SEBI (LODR) as the Company was under the CIRP process and new board took over the management of the Company w.e.f 08th December, 2023. Hence w.e.f 08th December,2023, company has started compliances of SEBI regulations to both stock exchanges BSE and NSE and Companies Act Compliances.

This Report is to be read with our letter of even date which is annexed as Annexure '1' and forms an integral part of this Report.

For Jignesh M. Pandya & Co.
Practicing Company Secretary

Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022

Place: Mumbai
Date: 29/12/2023
UDIN: A007346E003068503

'Annexure 1'

To the Members Reliance Naval and Engineering Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, Rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Jignesh M. Pandya & Co.
Practicing Company Secretary**

**Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022**

**Place: Mumbai
Date: 29/12/2023
UDIN: A007346E003068503**

Laws applicable to the Company:

1. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951;
3. Information Technology Act, 2000
4. The Indian Electricity Rules 1956
5. The Standard Weight and Measurement Act, 1976
6. The Public Liability Insurance Act, 1991
7. The Hazardous Material Transport Act (HMT) Act, 1975
8. Trade Marks Act, 1999 & Copy Right Act, 1957;
9. The Legal Metrology Act, 2009;
10. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
11. Acts prescribed under prevention and control of pollution;
12. Acts prescribed under Environmental protection;
13. Acts prescribed under Direct Tax and Indirect Tax;
14. Land Revenue laws of respective States;
15. Labour welfare Act of respective States;
16. Acts as prescribed under Shop and Establishment Act of various local authorities.
17. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**For Jignesh M. Pandya & Co.
Practicing Company Secretary**

**Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022**

**Place: Mumbai
Date: 29/12/2023
UDIN: A007346E003068503**

CORPORATE GOVERNANCE REPORT

Our Corporate Governance Philosophy

The Company's philosophy on Corporate Governance envisages the adoption of sound business policies and alignment of healthy levels of transparency, responsibility, accountability integrity and equity across the spectrum of its operations and in interactions with all stakeholders.

Corporate Insolvency Resolution Process

Members may kindly note that the incumbents of the reconstituted Board of Directors of the Company were not in office during the reporting period to which this Report primarily pertains. The erstwhile suspended management and the Resolution Professional were entrusted with and responsible for managing the affairs of the Company. The reconstituted Board of Directors of the Company have submitted this Report and approved the Financial Statements for the year ended 31st March, 2021 only to fulfil the regulatory requirements under the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The present Board of Directors disclaims any responsibility for all current and future liabilities, including contingent liabilities, crystallised, uncrystallised, arising from the non-compliance or non-disclosure of statutory obligations by the erstwhile management or the Resolution Professional, including but not limited to the Act, Listing Regulations, and other SEBI/Corporate Laws. This includes any claims, losses or damages related to actions or omissions of the previous management or Resolution Professional. Based on the immunity provided in the sanctioned resolution plan, the Company and the newly constituted Board of Directors are immune from all consequences arising from past activities or decisions of the former management or Resolution Professional. This disclaimer serves to clarify that the newly constituted Board of Directors of the Company, its officers and the new management are insulated from any irregularities or legal obligations incurred prior to taking over management control of the Company on January 4, 2024..

Members are informed that, pursuant to the Order dated January 15, 2020, of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT"), the Corporate Insolvency Resolution Process ("CIRP") was initiated for the Company under the Insolvency and Bankruptcy Code, 2016 ("IBC"/"Code") and related rules, effective from January 15, 2020 ("CIRP Commencement Date"). Shri Rajeev Sawangikar was appointed as the Interim Resolution Professional ("IRP") per the NCLT Order.

Subsequently, the Committee of Creditors ("CoC") resolved, with the requisite voting share, to replace the IRP with Shri Sudip Bhattacharya as the Resolution Professional ("RP"). The Hon'ble NCLT approved this appointment in its Order dated May 5, 2020.

The powers of the Board of Directors were suspended effective from the CIRP commencement date, with these powers and the management of the Company's affairs vested in the IRP/RP under Sections 17 and 23 of the Insolvency Code. According to Regulations 15(2A) & (2B) of the Listing Regulations, 2015, the provisions of Regulations 17, 18, 19, 20, and 21 concerning the Board of Directors and various committees do not apply to a listed entity undergoing CIRP. The roles and responsibilities specified under Regulation 17 will be fulfilled by the IRP/RP in accordance with the Insolvency and Bankruptcy Code.

Pursuant to its Order dated December 23, 2022 ("NCLT Order"), the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by Hazel Mercantile Limited ("Resolution Applicant") under Section 31 of the Code. The Approved Resolution Plan is binding on the corporate debtor and its employees, members, creditors, guarantors, and other stakeholders involved in the resolution process.

According to the Approved Resolution Plan, during the period between the NCLT Order and the Closing Date (as defined in the plan), a Monitoring Committee has been constituted, comprising two representatives of the Financial Creditors, two representatives of the Resolution Applicants, and the Erstwhile Resolution Professional, to manage the Company's affairs as a going concern and supervise the implementation of the Resolution Plan.

During the review period, the Company was not operational due to the suspension of management. Control was entrusted to the Resolution Professional. The management of the Company after the approval of the plan was vested in the Monitoring Committee and the Resolution Professional until January 4, 2024, when the newly constituted Board took over management control.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Board of Directors and the Composition

The powers of the Board of Directors were suspended effective from the CIRP commencement date, with these powers and the management of the Company's affairs vested in the IRP/RP under Sections 17 and 23 of the Insolvency Code. According to Regulations 15(2A) & (2B) of the Listing Regulations, 2015, the provisions of Regulations 17, 18, 19, 20, and 21 concerning the Board of Directors and various committees do not apply to a listed entity undergoing CIRP. The roles and responsibilities specified under Regulation 17 will be fulfilled by the IRP/RP in accordance with the Insolvency and Bankruptcy Code.

As per Regulation 15(2A) of SEBI LODR, the provisions as specified in Regulation 17 of SEBI (LODR) Regulations, 2015 related to "Composition of Board of Directors" was not applicable during the Insolvency Resolution Process period in respect of a listed entity, which was undergoing Corporate Insolvency Resolution Process.

As per the data available, during the financial year 2021-22, the Board of Directors of the Company consists of three directors.

The information of the erstwhile/suspended Board is given below:

Director	DIN	Category
Mr. Debashis Bir*	01932925	Non-Executive - Non-Independent Director
Mr. Venkata Rachakonda*	07014032	Non-Executive - Non-Independent Director
Ms. Shibby Jobby*	08350238	Non-Executive - Non-Independent Director

* Mr. Debashis Bir has ceased to be director of the company w.e.f. April 12, 2021 due to his demise.

* Mr. Venkata Rachakonda has ceased to be director of the company w.e.f. September 30, 2023.

* Ms. Shibby Jobby has ceased to be director of the company w.e.f. September 30, 2023.

Constitution and Composition of Committees:

According to Regulation 15(2B) of the SEBI LODR, the provisions outlined in Regulations 18 (Audit Committee), 19 (Nomination and Remuneration Committee), 20 (Stakeholders' Relationship Committee), and 21 (Risk Management Committee) under the SEBI (LODR) Regulations, 2015 were not applicable during the Insolvency Resolution Process for any listed entity undergoing corporate insolvency resolution under the Insolvency Code. This stance remained in effect throughout the reporting period.

Number and Dates of Meetings of Board of Directors & Committees

Following the commencement of the Insolvency Resolution Process under Section 17 of the Code, the powers of the Board of Directors were suspended at the onset of the Corporate Insolvency Resolution Process (CIRP), with these powers being transferred to the Resolution Professional. Consequently, the management of the company's affairs was vested in the hands of the Resolution Professional, and no meetings of the Board of Directors or its Committees were held after the initiation of the CIRP.

Familiarization programmes:

As explained in the foregoing paragraph, since the powers of the Board and Committees remained suspended during the reporting period, no familiarization programs took place during the reporting year.

Senior Management:

As explained above, due to the unavailability of information about the senior management of the company pertaining to the financial year ending March 31, 2022, the reconstituted Board is unable to disclose the details required under this heading.

Remuneration of Directors:

Details pertaining to remuneration, if any, paid to the Directors of the Company are disclosed in the Company's financial statements.

General Body Meetings:

Details of location and time of holding the last three AGMs:

Year	Location	Date & Time	Special Items Passed
2017-18	Gujarat	September 29, 2018 at 10.30 A.M.	<ul style="list-style-type: none"> - Appointment and approval for remuneration payable to Debashis Bir as Whole-time Director of the company - Appointment of Shri K. Ravikumar as an Independent Director of the company - Appointment of Shri Rana Ranjit Rai as an Independent Director of the company - Appointment of Shri R.N. Bhardwaj as an Independent Director of the company
2018-19	Gujarat	September 28, 2019 at 10.30 A.M.	<ul style="list-style-type: none"> - Appointment of Ms. Ankita Tallur as a Director of the company - Appointment of Ms. Shibby Jobby as a Director of the company - Appointment of Shri Venkata Rachakonda as a Director of the company - Appointment of Shri Pankaj Pandya as an Independent Director of the Company - Re-appointment of Shri Debashis Bir as the Whole-time Director of the company - Change of name of the company
2019-20	Through Video Conferencing/ other Audio Visual Means	November 10, 2020 at 11.30 A.M.	<ul style="list-style-type: none"> - Approval for tenure of Shri Ranjit Lahiry as an Independent Director of the company - Approval for tenure and remuneration paid to Shri Gyan Prakash as an Executive director - Rescinding the resolution no 8 passed for change of name of the company at the 22nd Annual General Meeting held on September 28, 2019

The last Annual General Meeting (“AGM”) was held on November 10, 2020. Since then, no AGM has been convened by the Company.

Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2021-22.

Director seeking appointment/re-appointment

Following the commencement of the Insolvency Resolution Process under Section 17 of the Code, the powers of the Board of Directors were suspended at the onset of the Corporate Insolvency Resolution Process (CIRP). Therefore, disclosure under this heading is not required.

Evaluation of Board effectiveness

Due to the lack of confirmation regarding the Evaluation of Board effectiveness, the reconstituted Board is unable to verify compliance with this disclosure.

Code of Conduct

Due to the unavailability of a declaration from the senior management of the Company for the financial year ended March 31, 2022, the reconstituted Board is unable to confirm the compliance of the code of conduct by the senior management at that time.

Means of Communication

The Company defaulted on filing its Quarterly and Annual Financial Results due to the suspension of Management during the period under review. Additionally, there were defaults in the disclosures required to be submitted pursuant to the SEBI (LODR) Regulations, 2015, with the Stock Exchange(s) during the same period.

General Shareholder Information

a) 25th Annual General Meeting

Date & Time	Venue
AGM is scheduled on November 8, 2024 at 3.00 p.m.	Through Video Conferencing/ other Audio Visual Means

b) Date of Book Closure/Record Date

Members are requested to note that the Monitoring Committee, in accordance with the order of the Honourable NCLT, Ahmedabad Bench, dated December 23, 2022, fixed Friday, July 14, 2023, as the Record Date for the cancellation and extinguishment of all currently outstanding ordinary equity shares, as well as for the issuance of fresh equity shares to existing shareholders and Hazel Infra Limited.

c) Financial Year

Financial year is commencing from April 1 to March 31.

d) Dividend Payment Date:

The Board of Directors of the Company has not recommended any Dividend for the FY 2021-22

e) Stock Market price: High low during each month of financial year 2021-2022

The High and low of the share price of the company during each month of the financial year 2021-22 at NSE and BSE were as under:

	BSE		NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2021	3.35	2.66	3.35	2.65
May, 2021	3.41	2.75	3.40	2.75
June, 2021	7.15	3.15	6.95	3.15
July, 2021	5.11	2.94	5.00	2.90
August, 2021	3.40	2.65	3.40	2.65
September, 2021	3.48	2.75	3.50	2.75
October, 2021	3.36	2.90	3.40	2.90
November, 2021	3.18	2.72	3.20	2.80
December, 2021	5.91	2.75	5.55	2.75
January, 2022	4.60	3.47	4.65	3.55
February, 2022	3.82	2.94	3.80	2.95
March, 2022	4.45	2.94	4.45	2.95

(Source- This information is compiled from the data available from the websites of BSE and NSE)

f) Shareholding pattern (Equity) as on March 31, 2022.

Category	No of shares of Rs.10/- each	Percentage
Promoter & Promoter Group	0	-
Public	7,37,59,12,630	100
Total	7,37,59,12,630	100

g) Distribution of Shareholding as on March 31, 2022.

Category	Shareholders		Shares	
	From-To	Number	% of total	Number
1-500	121460	61.03	21269631	2.88
501-1000	28297	14.22	24664622	3.34
1001-1500	8634	4.34	11206012	1.52
1501-2000	9034	4.54	17335734	2.35
2001-2500	3696	1.86	8639443	1.17
2501-3000	4061	2.04	11873487	1.61
3001-3500	1637	0.82	5433116	0.74
3501-4000	2053	1.03	8036611	1.09
4001-4500	931	0.47	4027019	0.55
4501-5000	4255	2.14	21168793	2.87
5001-10000	7395	3.72	58512966	7.93
10001-20000	3686	1.85	54778941	7.43
20001-30000	1495	0.75	38023604	5.16
30001-40000	485	0.24	17160659	2.33
40001-50000	543	0.27	25914881	3.51
50001- and above	1345	0.68	409545744	55.52

h) Demat ISIN Number: INE542F01012
i) Dematerialization of shares

99.9% of Equity Shares of the company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2022.

j) Plant Location and address/other modes for correspondence:

Pipavav Port, Post Ucchahiya, Via-Rajula, District Amreli 365 560, Gujarat

k) Corporate Identification Number: L35110GJ1997PLC033193
l) Listing of Equity Shares on Stock Exchanges and Stock Codes

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

Stock Exchange	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra East, Mumbai – 400051	RNAVAL
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533107

m) Registrar and Transfer Agent

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited),
Selenium Building, Tower – B,
Plot No. 31 & 32,
Financial District, Nanakramguda Hyderabad, Telangana- 500 032.
Tel: +91 40 6716 1500
Fax: +91 40 6716 1791
Toll Free No. (India): 1800 4250 999
Email: ris.del@Kfintech.com
Website: www.Kfintech.com

The Shareholders are requested to address all their communications/suggestions/grievances to Registrar and Transfer Agents at the above address.

OTHER DISCLOSURES:

a) Disclosures on Materially Significant Related Party Transactions That May Have Potential Conflict with The Interests of The Company At Large

There were no materially significant related party transactions that may have potential conflict with the interests of the Company.

b) Details Of Non-Compliance by Listed Entity if any:

The Company was admitted to CIRP pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 with effect from January 15, 2020, its affairs, business and assets were being managed by, and the powers of the Board of Directors were vested in, the Resolution Professional, Mr. Sudip Bhattacharya, appointed by Hon'ble National Company Law Tribunal, Ahmedabad Bench.

Basis the details or the documents available, the Management of the Company had identified including but not limited following non-compliance, as provided by the resolution professional for the F.Y. 2021-22:

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Deviations
01	Regulation 7(3) – Compliance Certificate for Share Transfer for the year ended 31-03-2022	Delayed submitted to the Stock Exchanges
02	Regulation 13(3) of SEBI (LODR) Regulations, 2015 Investor Complaint Report for For quarter ended June 2021, Sept., 2021, Dec 2021, March, 2022.	Delayed submitted to the Stock Exchanges
03	Regulation 23(9) of SEBI (LODR) Regulations, 2015 Related Parties disclosure For half year ended September, 2021, and March, 2022.	Delayed submitted to the Stock Exchanges
04	Regulation 27(2) of SEBI (LODR) Regulations, 2015 Corporate Governance Report for the quarter June 21, Sept. 21, Dec. 21, March 22	Delayed submitted to the Stock Exchanges
05	Regulation 31 of SEBI (LODR) Regulations, 2015 Shareholding pattern for quarter ended June 21, Sept 21, Dec. 21, March 22	Delayed submitted to the Stock Exchanges
06	Reg. 33 of SEBI (LODR) Regulations, 2015 Financial Results in XBRL mode For quarter ended June 2021, Sept. 2021, Dec. 2021, March 2022.	Delayed submitted to the Stock Exchanges
07	Reg. 33 of SEBI (LODR) Regulations, 2015 Standalone Financial Results For quarter ended June 21, September 2021, December 2021, March 2022.	Delayed submitted to the Stock Exchanges
08	Reg. 33 of SEBI (LODR) Regulations, 2015 Consolidated Financial Results For quarter ended June 21, Sept 21, Dec. 21, March 2022	Non-Submission to the stock exchanges
09	Reg. 40 (9) of SEBI (LODR) Regulations, 2015 Certificate from PCS regarding diepatch fo share certificates for the FY 2021-22	Delayed submitted to the Stock Exchanges
10	Reg. 76 of SEBI (Depositories and Participants) Regulations, 2018 for quarter ended 30 th June, 2021, September 2021, December, 2021, March 22 quarter.	Delayed submitted to the Stock Exchanges
11	Reg. 74(5) of SEBI (Depositories and Participants) Regulations 2018 Confirmation pertaining to share certificates have been dematerialized for all quarters of financial year 2021-22.	Delayed submitted to the Stock Exchanges
12	SEBI Circular SEBI/HO/DDHS/CIRRJP/2018/144 dated November 26, 2018 read with BSE Circular No. LIST/COMP/05/2019-20 dated April 11, 2019 Fund raising by issuance of Debt securities by large entity For financial year ended March 31, 2022	Delayed submitted to the Stock Exchanges
13	Reg. 34 of SEBI (LODR) Regulations, 2015 Annual Report for the financial year 2020-21	Non-Submission to the stock exchanges

c) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

As explained above, due to the unavailability of confirmation regarding the disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the reconstituted Board is not in a position to confirm the status of the disclosure during the reporting period.

d) CEO/CFO Certification

During the review period, the Company was in the Corporate Insolvency Process, with its management under the control of the Resolution Professional. As a result, a Compliance Certificate from the CEO/CFO, as required by Regulations 17(8) in conjunction with Part B of Schedule II of the SEBI (LODR) Regulations, is not applicable.

e) The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) 2015.

During the year under review, the Company was under Corporate Insolvency Process and the Management of the Company was under the control of the Resolution Professional. Therefore, a regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) 2015 was not applicable.

f) Internal control system and their adequacy

As explained above, the management controls and affairs of the Company during the year under review were vested with the Resolution Professional. Consequently, the reconstituted Board and management of the Company are not in a position to confirm the existence or adequacy of the Company's internal financial controls over financial reporting during this period. Further, the reconstituted Board and management cannot be held liable for any implications arising from the absence of effective Internal Financial Control ("IFC") systems or any deficiencies identified during the reporting period.

For and on behalf of Board of Directors

Sd/-
Paresh Merchant
Director
DIN: 00660027

Sd/-
Nikhil Merchant
Director
DIN: 00614790

Date: October 17, 2024

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To
The Resolution Professional of
Reliance Naval and Engineering Limited
(A Company under Corporate Insolvency Resolution Professional Process vide NCLT order)
IP Registration No. IBBI/IPA-003/IP-NOOO80/2017-18/10703

1. Disclaimer of Opinion

We were engaged to audit of accompanying financial statements of Reliance Naval and Engineering Limited (“the Company”), which comprise the Statement of Asset and Liability as at 31st March 2022, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

We do not express an opinion on the accompanying Standalone Financial Statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial Statements.

2. Basis for Disclaimer of Opinion

We draw attention to:

The NCLT, vide its order dated January 15, 2020 (“Insolvency Commencement Date”) initiated the Corporate Insolvency Resolution Process (“CIRP”) of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional (“IRP”) in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the “CoC”) had replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional (“RP”) for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020. In view of the on-going CIRP and the powers of Board of Directors remain suspended and hence, as explained to us, the powers of adoption of the Statement vests with RP. The erstwhile CFO had rendered its resignation on May 16, 2022 and accordingly on the date of signing of these audited financial statements, the place of the CFO is vacant. In the absence of the Company Secretary, Chief Financial Officer and other officials who were primarily responsible for book closure process and financial reporting, the employees have made all practical and reasonable efforts from time to time to gather details to prepare these financial statements, despite various challenges and complex circumstances. The accompanying audited financial statements have been prepared by the accounting professionals engaged by the corporate debtor. Basis the financial statements prepared by the accounting professional appointed by the Company with the guidance of Ex-Chief Financial Officer who was in office till May 31, 2022, the Resolution Professional has considered and approved the audited Financial statements of the Company for the year ended March 31, 2022.

The financial statement for the FY 21-22, have been prepared on the basis of the trial balance for the period ended March 31, 2022 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2020 and intum as at March 31, 2021. Prior to the commencement of CIRP, the Board of Directors, whose executive powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the Company together with the KMPs for the year ended 31st March 2020. Thus, the Resolution Professional does not assure accuracy and reliability of the opening balances as at 1st April 2020.

The primary purpose of preparing the financial statements is for the compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder (“Act”).

The financial statements for the FY 2021-22, have been finalized on 16th December 2022. Accordingly, as required under “SA 560 - Subsequent Events” we have performed audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements have been identified and accordingly dealt with in the standalone financial statements..

- i. As per SA 510, para 10, read with SA 705 (Revised) as applicable, when an auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since we were unable to obtain appropriate audit evidences pertaining to opening balances to the extent as mentioned in subsequent paras and other financial information, (where applicable), we express a disclaimer of opinion.
- ii. The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non-Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc.) is ₹ 3,74,053 Lakhs. As explained above, the Company is under CIRP and RP is required to invite resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. On 24th February, 2022, all two compliant Resolution Plans submitted by two Resolution Applicants were put for e-voting for approval by the CoC members in accordance with Section 30(4) of the Insolvency and Bankruptcy Code, 2016 (Code) read with Regulation 39(3) of the CIRP Regulations. The e-voting on approval of Resolution Plan was concluded on 17th March, 2022 at 8.00 p.m. and the resolution plan submitted by Hazel Mercantile Limited has been duly approved by the 94.86% CoC

members under Section 30(4) of the Code as the successful resolution plan subject to approval of Hon'ble NCLT Ahmedabad. The Resolution Professional of the Company has duly filed the resolution plan as approved by the CoC with the Hon'ble NCLT, Ahmedabad Bench on 23rd March, 2022, in accordance with Section 30(6) of the Insolvency and Bankruptcy Code, 2016. The CIRP is ongoing and the final outcome is yet to be determined basis the resolution process. The Company has not taken into consideration any impact of impairment in the value of tangible, financial and other assets, if any, in preparation of Financial Statements and has not made full assessment of impairment as required Ind AS 36 - Impairment of Assets 11 and "Ind AS 109 - Financial Instruments" if any, as on March 31, 2022 in the carrying value of the above assets. Hence, we are unable to comment on the quantum of provision/impairment to be made on the assets appearing in the accompanying standalone audited financial statements.

- iii. As on 31st March 2022, the company has given Security Deposits (short-term and long-term) amounting to ₹ 9373.28 Lakhs. Out of the said security deposits, an amount of ₹ 7,370 Lakhs is with one of the related party i.e., E-Complex Private Limited ("ECPL") has been admitted under NCLT and undergoing CIRP Process and hence the recoverability of the same may be doubtful. Further, the recoverability of the Security Deposits deposited with Court against certain ongoing legal cases amounting to ₹ 1,777.97 Lakhs, are subject to the outcome of the said cases.
- iv. For the period ended 31st March 2022, the company has Gross Trade Receivables for ₹ 79,580.93 Lakhs, out of which provision for doubtful debt/ECL has been created for ₹ 79,508.24 Lakhs in the previous financial years. The detailed party wise breakup of the same was not available with those charged with governance and the officials of the Company. Hence, we are unable to review the party-wise listing of ₹ 79,508.24 Lakhs and accordingly necessary audit procedures couldn't be performed on the same.
- v. In absence of bank confirmations for 35 current accounts, as required under SA 505 - External Balance Confirmation, having a book balance of ₹ 2,781.63 Lakhs as on March 31, 2022 and borrowings amounting to ₹ 17,50,517.23 Lakhs; also, non-availability of Bank account statements for 33 current accounts having a book balance of ₹ 161.81 Lakhs as on March 31, 2022, led to incomplete supporting for our audit opinion. Hence, we are unable to comment on the bank transactions as well as the closing balances as appearing in the books of accounts for the said bank balances.
- vi. The total provisional claim admitted of financial creditors (thereby representing lending facilities availed by the company from various bankers & Fis, as forming a part of Secured Loans) was ₹ 12,40,173 Lakhs as on 15th January 2020 (Based on the Claims sheet as on 31st August 2022 as received from RP). For sake of clarity, the following table may be read:

A	Amount outstanding as at 31.03.2020	12,06,667 Lakhs	As appearing in Audited financials for FY 2019 -20
B	Amount outstanding as at 30.06.2020	12,36,190 Lakhs	As per unaudited results for 30th June, 2020
C	Amount outstanding as at 30.09.2020	14,68,186 Lakhs**	As per unaudited results for 30th September, 2020
D	Amount outstanding as at 31.12.2020	15,06,450 Lakhs*	As per unaudited results for 31st December, 2020
E	Amount outstanding as at 31.03.2021	15,52,619 Lakhs*	As per audited results for 31st March, 2021
F	Amount outstanding as at 30.06.2021	16,01,962.71 Lakhs*	As per unaudited results for 30th June, 2021
G	Amount outstanding as at 30.09.2021	16,51,607.93 Lakhs*	As per unaudited results for 30th September, 2021
H	Amount outstanding as at 31.12.2021	17,01,718.21 Lakhs*	As per unaudited results for 31st December, 2021
I	Amount outstanding as at 31.03.2022	17,50,517.23 Lakhs*	As per audited results for 31st March, 2022

We draw your attention to the fact that the Company had done a comparison of the figures of Financial Creditors (excluding loans from Body Corporates) as per the CIRP process as on March 31, 2021 and in the books of account of the Company, difference of ₹ 130,165.13 Lakhs are charged to profit and loss account as an extraordinary item during the previous year ended March 31, 2021.

*Reason for change in amount of borrowing as on December 2021 and March 2022 as compared to as on September 2021, is mainly due to accounting recognition of finance cost and penal interest on provisional rate of 13% at simple interest on the basis of interest rate available in IDBI sanction letter (being the lead bank).

** Reason for change in amount of borrowing as on September 2020 as compared to June 2020, is mainly due to accounting of borrowings of the financial creditors as per the claims admitted by the RP and recognition of finance cost and penal interest on provisional rate of 13% at simple interest on the basis of interest rate available in IDBI sanction letter (being the lead bank).

The finance costs appearing in the accompanying financial statements are based on the transactions accounted in the accounting system and as the CIRP process is on-going, our report is qualified in this matter.

The Below table states the position of the Principal amount outstanding of financial creditors (other than body corporate) in the accompanying audited financial statements for the year ended March 31, 2022 and the latest claims position as on the date of signing this report.

A	Principal amount outstanding of financial creditors (other than body corporate)	12,44,715.89 Lakhs	As appearing in audited financial statements for the year ended March, 2022
B	Amount claimed as per the latest claim sheet as on date 31st August, 2022	12,46,076.16 Lakhs	As per claim sheet dated 31st August, 2022
C	Amount claimed and admitted as per the latest claim sheet as on date 31st August, 2022	12,40,173.03 Lakhs	As per claim sheet dated 31st August, 2022

It can be seen from the above table that the principal amount outstanding of the financial creditors (other than body corporate) is different from the latest position of amount claimed and received (based on the claim sheet dated 31st August, 2022). Considering that the CIRP process is going on, Company has not made any adjustment in its borrowing of financial creditors (other than body corporate) as on March 31, 2022 by comparing the same with the latest claim sheet. Accordingly, our report has qualified in this matter.

- vii. During the year ended March 31, 2022 as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP/RP. These claims submitted will be dealt as per the provisions of the code, post implementation of the approved Resolution plan, necessary adjustment will be made in these statements for the differential amounts, if any; accordingly, no adjustment entry to this effect has been passed in the books of accounts for the year ended March 31, 2022. Hence, we are unable to comment on the outstanding balance of these liabilities.
- viii. With respect to a contract with Indian Navy 255/DSP/C/11-12/NO PVs (5), the Ship Building Trade Receivable from Indian Navy was ₹ 1,68,431.42 Lakhs as on June 30, 2020. As per the explanation and information received from the management, the Ministry of Defense has sent Show Cause Notice to the company for termination of contract against which the company has filed writ petition and stay application before the Delhi High Court on 15th February, 2020. The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the Ministry of Defense to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the Ministry of Defense in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company. Although the Ministry of Defense has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlining how it can complete two of the five NoPVs (NS001 and NS002) which were in advance stages of completion by outsourcing the remaining work to a PSU shipyard. However, the proposal submitted by the Company was not agreeable by Ministry of Defense. Accordingly, the contract was terminated vide letter dated September 21, 2020. In response to which} company has filed an application challenging the order in National Company Law Tribunal on October, 2020 which is pending for further hearing.

Considering the above event, the total receivables for shipbuilding contract including bank guarantee invoked by Ministry of Defense amounting to ₹ 1,68,431.42 Lakhs have been considered for the impairment testing by the management and below mentioned accounting effects has been considered under the unaudited financial results for the quarter ended June 30, 2020.

Particular	Amount (₹ in Lakhs)
Total receivable balance of NOPV contract as on June 30, 2020 before considering for the impairment testing (A)	1,68,431.42
Sub-Total (A)	1,68,431.42
1) Increase in Inventory-WIP to the extent of the actual cost incurred till March 31, 2020**	1,38,788.68
2) Reversal of the provisional liability accounted basis the calculation of contract revenue as per Ind AS 115 and AS-7	23,107.97
3) Excess Receivable balance written off (Shown under the exceptional item)	6,534.77
Sub-Total (B)	1,68,431.42

** Company had not undertaken the impairment testing of the inventory as explained in point above.

Further} in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (NOPV), we are unable to comment on the quantum of the impairment/provision to be accounted for with respect to Advance given to vendor related to NOPV and inventories relating to the said project (NOPV) in the audited standalone financial statements for the year ended March 31, 2022.

- ix. The Company has the contract with Indian Navy for the construction of ships (CGTS and FVP) vid contract no. CGTS-AQ/0737/01 and FVP - AQ/0542/14 respectively. The Ship Building Contract receivable from CGTS and FVP were ₹ 8,991.67 lakhs and ₹ NIL respectively} as on June 30, 2020 appearing as Ship Building trade receivable under Other Current Assets. As per the explanation and information received from the management, the Ministry of Defense has sent cancellation Letters to the company for termination of contract on 14th July 2021. The company has not taken any legal action against the said cancellation letters however, the same is contemplated.

Subsequent to previous year ended March 31, 2021, the Ministry of Defense has invoked the Bank Guarantees including Performance Guarantees given to them against the Advances received by the Company.

Considering the above event, the total receivables from shipbuilding contracts amounting to ₹ 81991.67 and ₹ 0 (NIL) from CGTS and FVP respectively, have been considered for impairment testing by the management and accounting effects (as represented below) have been considered in the audited financial statements for the year ended March 31, 2021.

Amount in ₹ Lakhs

Particular	CGTS	FVP
Ship Building Contract Receivable (A)	71599.01	NIL
Advance received from Customer	NIL	(4,017.061)
Sub-Total (A)	7,599.01	(4,017.06)
1) Increase in Inventory-WIP to the extent of the actual cost incurred till June 30, 2020	15,274.79	41312.14
2) Advance from Customers on account of Cancellation of Contract*	(7,675.77)	(8,365.07)
3) Reversal of Profit booked on account of the Contract (Shown under the exceptional item)		35.86
Sub-Total (B)	7,599.01	(4,017.06)

*Since the Ministry of Defense has already encashed the Bank Guarantees provided against the Advances Received by Reliance Naval and Engineering Limited, the same has been recorded by the Company as financial Liability and hence liability for advance received from customer towards CGTS and FVP amounting to ₹ 16,040.84 lakhs have been reversed and shown under the exceptional item in the audited financial statements for the previous year ended March-21. An action against this termination by way of a petition in NCLT is filed in March 2022. Pending the final decision in the matter no provision / adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above financial statements.

Further, the company had not conducted the impairment testing for the above inventory as on year ended March 2022 for the reason as stated above and accordingly, our report is qualified to that extent.

- x. ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award, no provision has been made against Work in progress amounting to ₹ 5,684 Lakhs and Advance against purchase of Material/ Services and Inventories. Further, in absence of the working for Advance against purchase of Material/Services and inventories relating to the said project (OSVs), we are unable to comment on the quantum of the provision/adjustments to be accounted for with respect to Advance given to vendor related to OSVs and inventories relating to the said project (OSVs) in the audited standalone financial statements for the year ended March 31, 2022.
- xi. The Company is currently under the process of CIRP and cash flows generated after the initiation of CIRP are inadequate to meet cash requirements and, hence the business of the company could not be classified as a cash generating unit. However, during the period ended March, 2022, company has not disclosed the assets as discontinued operations, as per the requirement of "Ind AS 105 - Non-Current Assets Held for Sale and Discontinued Operations".
Looking to above facts and in conjunction with "Ind AS 105 - Non-Current Assets Held for Sale and Discontinued Operations", the revenue from operations and assets should have been disclosed under discontinued operations. However, in terms of the Section 25 of the IBC Code, the Company is treated as continue to operate as a going concern and accordingly the Financial statements are being presented on a going concern basis by those charged with governance.
- xii. Company had not conducted physical verification of inventory as on 31st March 2022. Hence, we are unable to comment on the adequacy of physical verification process of the company.

3. Emphasis of Matter Para

- i. We draw your attention to note no. 44 of the financial statements which states that there was a large-scale damage to Property, Plant and Equipment Capital Work in Progress and Inventories due to cyclone Tauktae which hit the company premises at Pipavav, Gujarat during May 2021. The company has taken up the matter with insurance company for assessing the damage and settlement of claims. Pending the outcome, no provision has been made in the accounts for year ended March 31, 2022.
- ii. We draw your attention to note no. 44 of the financial statements which inter alia states that the company had sold the scrap material of goods damaged due to Cyclone Tauktae, which impacted the company's premises in May 2021. The damaged goods were insured and in order to sell the goods as scrap, the company has obtained the "No objection certificate" (NOC) from the insurance surveyor before initiating the sale of scrap. Accordingly, sales realization is not considered as revenue of the company.

- iii. We draw your attention to note no. 3.7 of the financial statements which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous financial year. Following is the status of Subsidiary and Associate Companies.

Sr. No.	Name of Company	Nature of Entity	Status
1	E Complex Private Limited	Subsidiary	Under CIRP
2	RMOL Engineering and Offshore Limited	Subsidiary	Under Liquidation
3	REDS Marine Services Limited	Subsidiary	Under Liquidation
4	Reliance Technologies and Systems Private Limited	Subsidiary	Ongoing
5	PDOC Pte. Limited	Subsidiary	Ongoing
6	Conceptia Software Technologies Private Limited	Associate	Ongoing

- iv. We draw your attention to Note 3.7 of the financial statements which states that as per Regulation 33(3) (b) of the SEEI LO DR Regulations, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial statements. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the Resolution Professional is not in a position to provide the consolidated financial statements, as the subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process and non-operational and the team is facing huge difficulty in obtaining relevant from the said subsidiaries. In view of the above, the Company is only submitting the Standalone Financial statements.
- v. We draw your attention to Note no 42 of the financial statements which state that the reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was undertaken by the employees of RNEL based on the information available with them, the same is under process. There are a few items under reconciliation and the impact on the books of accounts, if any will be given in the subsequent period.
- vi. We draw your attention to Note no 42 and 44 of the financial statements which states that companies CS resigned on 28th May 2022 and the CFO on 31st May 2022. On the date of result position of CFO and CS is vacant.
- vii. We draw your attention to note no. 9 of the financial statements which state that, during the process of reconciliation, the RP team has noticed that the Banks have renewed the Company's Fixed Deposits during FY 2019-20 which were adjusted by the Company against the liabilities of the same banks on maturity dates in books of accounts. However, the said Fixed Deposits were renewed by the Bank and were not appropriated by the banks against the liability and hence, the Fixed Deposits have been restated during the quarter ended 30th June, 2021. Further bank vide email communication dated 14th July 2021, states that Fixed Deposits were adjusted against the Bank guarantee along with interest amount.
- viii. The company is irregular in payments of Statutory dues and has not filed GST Annual Return for the FY 2018-19, 2019-20, FY 2020-2021 and FY 2021-2022 and has also not conducted GST Audit for the said period.
- ix. The Company has accounted certain expenses grouped under other expenses related to previous financial years.
- x. We draw you attention on note no. 44 of accompanying audited financial statements which state that the AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues. Due to the CIRP Proceedings, the company experienced difficulties as its senior employees, including the Company Secretary and Chief Financial Officer, left the company.
- xi. We draw your attention on note no. 44 of accompanying audited financial statements which inter alia state that, company has not appointed internal auditor for the year FY 2021-22, which is in contravention of the requirement of Companies Act 2013.
- xii. We draw your attention to note no. 4 of accompanying standalone financial statements which states that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defense sector as evidences.

4. Management's Responsibilities for the Statements

1. This Statement, which includes the Standalone Financial statements is the responsibility of the Company's Management (Officials of the Company, RP and Ex-CFO) and has been approved by RP for the issuance. The Statement has been compiled from the related audited standalone financial statements for the year ended March 31, 2022, and interim financial information for the year ended March 31, 2022 being the balancing figure between audited figures in respect of the full financial year and the audited year to date figures up to the third quarter 'of the current financial year. This responsibility includes the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive loss and other information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the 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 Standalone Financial statements that give a true fair view and is free from material misstatement, whether due to fraud or error.

2. In preparing the Statement, the Company's Management (Officials of the Company, RP and Ex CFO) are 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 the Company's Management (Officials of the Company, RP and Ex-CFO) either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
3. The Company's Management (Officials of the Company, RP and Ex-CFO) are also responsible for overseeing the financial reporting process of the Company.

5. Auditor's Responsibilities for the Audit of the Financial Statement

Our responsibility is to express an audit opinion on these Standalone Financial statements. However, because of the significance of the matters described in paragraph 1 and 2 above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these Standalone Financial statements and hence we do not express an opinion on the aforesaid Standalone Financial statements.

We are independent of the Group in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.

6. Going Concern Assessment

The lending arrangement of the Company is classified as a non-performing asset by the lenders. The said classification was done by the lead bank IDBI (forming 11% of total debt from lenders) and by SBI Bank limited (consortium member accounting for 16% of said lending). Further, the Corporate Insolvency Resolution process (CIRP) was initiated against the company under the provisions of Insolvency and Bankruptcy Code, 2016 (Code) by an order of National Company Law Tribunal (NCLT), Ahmedabad dated 15th January 2020.

We draw your attention to the Note no. 2 of the Statement of audited financial statements for the year ended March 31, 2022, regarding the preparation of Standalone financial statements of the Company on going concern basis, notwithstanding the fact that the Company continues to incur the cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to its lenders, loans have been called back by the secured lenders, non-current assets are significantly impaired, current liabilities exceed total assets of the Company, major customers have cancelled the orders, termination notice received to terminate the sub concession lease agreement of land parcel on which Company's EOU unit operates etc. As mentioned above since the CIRP is currently in progress, as per the Code, it is required that the Company be managed as going concern during the CIRP, the audited standalone financial statements is continued to be prepared on going concern basis. However, there exists material uncertainty about the Company's ability to continue as a going concern since the same is dependent upon the result under the CIRP process. The appropriateness of preparation of these audited financial statements for the year ended March 31, 2022 on going concern basis is critically dependent upon CIRP as specified in the Code.

In light of the matters indicated above, in our opinion, the company's ability to continue as Going Concern is severely impacted. The underlying financial statements have been prepared by the company on a going-concern basis, resulting in non-statement of assets at their recoverable position (as against currently stated at their brought forward values plus/minus transactions), the quantification of which would be reflected in the subsequent results and / or review reports / annual reports.

The accompanying audited financial statements have been prepared by the accounting professionals engaged by the corporate debtor. Basis the financial statements prepared by the accounting professional appointed by the Company with the guidance of Ex-Chief Financial Officer who was in office till May 31, 2022, the Resolution Professional has considered and approved the audited Financial statements of the Company for the year ended March 31, 2022.

7. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the 'Annexure A' statement on the matters specified in the paragraph 3 and 4 of the Order, subject to the possible effect of the matters described in the Basis for Disclaimer of Opinion in our separate Report on the Internal Financial Controls over Financial Reporting.
2. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
 - a) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit.
 - b) The Company has maintained books of account however, due to conditions and the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account (i.e. correctness/completeness etc. of the books) as required by law have been kept by the company.

- c) The Balance sheet, statement of profit & loss (including other comprehensive income), the statement of changes in Equity and statement of cash flows dealt with by this report are in agreement with the books of account;
- d) Except for the matters mentioned in the Basis of Disclaimer of Opinion and Emphasis of matter para above, in our opinion, the aforesaid standalone financial statements comply with Ind AS Specified under section 133 of the Act;
- e) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion, Material Uncertainty Related to Going Concern paragraph and Emphasis of Matter paragraph, we believe that those might have impact on the functioning of the Company.
- f) Due to absence of information, we are unable to comment if the directors of the company are disqualified as on 31st March 2022, from being appointed as a director in terms of section 164(2) of the act;
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses disclaimer of opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- h) With respect to the other matters included in the Auditor 's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014 in our opinion best of our Information and according to the explanations given to us:
 - i. Due to the reasons mentioned in the Basis of Disclaimer of Opinion, we are unable to comment if the •Company has disclosed the complete impact of pending litigation on its financial position in its financial statements under Note 30.1;
 - ii. Based on the representations by the Company, we have noted that Company does not have any long-term contracts including derivatives contracts for which any provision is required;
 - iii. Based on the latest available secretarial audit report and representations from the Company we noted that Company is not required to transfer amounts to the Investor Education and Protection Fund.

8. Other Matters

- i. Due to non- payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.
- ii. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non -compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations.

For Pipara & Co LLP
Chartered Accountants
FRN No. 107929/W100219

Bhawik Madrecha
Partner
M. No: 163412
UD1N: 22163412BFNRPQ3983

Place: Mumbai

Date: 16th December 2022

Annexure A to Independent Auditors' Report

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report of even date to the members of RELIANCE NAVAL AND ENGINEERING LIMITED on the financial statements for the year ended March 31, 2022

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (B) The Company has not had intangible asset in books of accounts; Hence, it is not required to maintained p•roper records showing full particulars, including quantitative details and situation of intangible assets;
 - (b) According to the information and the explanation given to us, the property plant and equipment of the Company have been physically verified by the Management/consultant appointed by the RP during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company doesn't have any freehold immovable properties.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
 - (a) As explained to us, inventories have not been physically verified during the year by the management.
 - (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii) (b) of the Order is not applicable.
- iii. The Company has not made investments, nor provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3(iii) of the order is not applicable.
- iv. The company has not granted any loans or made any Investment or provided Guarantee or security during the year. Hence reporting under clause 3(iv) of the order is not applicable.
- v. According to the information and explanation given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence reporting under clause 3(vi) of the Order is not applicable to the Company.
- vii. According to the information and explanation given to us, in respect of statutory dues:
 - (a) The Company is not regular in depositing undisputed statutory dues) including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. Following are the details of undisputed amounts payable in respect of statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(₹ in lakhs)

Name of the Statue	Nature of Dues	Period to which it relates	Amount in INR Lakhs
Income Tax Act	Income Tax - TDS	Various Dates before FY 2020-21 and for FY 2021-22	568.71
Goods & Service Tax Act	GST	Various Dates before FY 2020-21 and for FY 2021-22	29.29
Profession Tax Act	Profession Tax	Various Dates before FY 2020-21	1.47
Customs Act	Customs Duty	Various Dates before FY 2020-21	15.71
Employees' Provident Fund	Provident Fund	Various Dates before FY 2020-21	17.82
Employees' Provident Fund	Pension Fund	Various Dates before FY 2020-21	6.3

- (b) According to the information and explanations given to us, following are the details of tax not deposited with the concerned statue on account of dispute and the forum where dispute is pending as on March 31, 2022;

(₹ In Lakhs)

Name of the Statue	Nature of Dues	Period to which it relates	Amount in INR Lakhs	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	FY 2007-08 to FY 2021-22	189.71	Commissioner of Income Tax
CENVAT Credit Rules, 2004	Penalty and Liability	FY 2010-11to FY 20 17-18	5,283.36	Commissioner of Central Excise

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks. Based on the claims received by the RP from the financial institutions, following is the lender wise list of outstanding amounts including the interest outstanding till the date of 15th January 2020 (As per latest claim sheet as on 31st August 2022)

Sl. No.	Name of Creditor	Amount of Claim
1	State Bank of India	19,79,18,28,634
2	Union Bank of India	15,55,34,39,705
3	IDBI Bank	13,75,46,15,837
4	Bank of Baroda (erst. Dena Bank and Vijaya Bank)	8,73,10,85,337
5	Export-Import Bank of India (EXIM)	7,87,06,88,226
6	Central Bank of India	7,25,22,05, 787
7	Punjab National Bank	6,80,83,21,314
8	United Bank of India	5,82,37,72,349
9	Oriental Bank of Commerce	5,30,21,01,716
10	IFCI Ltd	5,28,33,16,289
11	Bank of India	4,84,45, 79,928
12	UCO Bank	4,64, 95,03,997
13	Punjab Sind Bank	3,75,15,00,770
14	Jammu & Kashmir Bank Ltd	3,26,28,51,230
15	Corporation Bank	3,13,80,94,632
16	India Infrastructure Finance Company (UK) Limited	2,97,97,21,213
17	Housing and Urban Development Corporation Ltd.	2,14, 78,31,570
18	Bank of Maharashtra	1,10,14,94,946
19	LIC of India	1,08,89,94,570
20	Karur Vysya Bank	41,23,31,381
21	Karnataka Bank	38,76,81,065
22	IL & FS	8,13,42,529
Total		1,24,01,73,03,027

- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and hence} reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) The Company, has not raised any funds on short term basis that have been utilized for long term purposes, hence reporting under clause 3(ix) (d) of the order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, and hence reporting on clause 3(ix) (f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x) (a) of the Order is not applicable.

- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) To the best of our knowledge and according to the information and explanations given to us} no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) As informed to us} no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) No whistle blower complaints were received by the Company during the year (and upto the date of this report), and hence clause 3(xi)(c) of the Order is not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all the transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation provided to us and based on our examination of the records of the company, the company is liable to Internal Audit as per Section 138 of the Companies Act 2013. However, company has not appointed any internal auditor for FY 21-22 and compliance of the SEBI LODR Regulation with regard the review of internal audit function has not been performed.
- xv. In our opinion and according to the information and explanation given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion and according to the information and explanation provided to us, the Group does not have more than one Core Investment Company as part of the group.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. There are no ongoing projects in the company and hence reporting under clause 3(xx) (a) & clause 3(xx) (b) of the order is not applicable for the year.

For Pipara & Co LLP
FRN No. 107929/W100219
Chartered Accountants

Bhawik Madrecha
Partner
M No.: 163412
UDIN: 22163412BFNRPQ3983

Place: Mumbai
Date: 16th December 2022

ANNEXURE “B”**TO THE INDEPENDENT AUDITOR’S REPORT****(Referred to in paragraph (g) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)****Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We were engaged to audit the internal financial controls over financial reporting of Reliance Naval Engineering Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note” issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Because of the matter described in Basis for Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Basis for Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2022.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer Opinion paragraph above, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2022. Accordingly, we do not express an opinion on the Company’s internal financial controls over financial reporting.

For Pipara & Co LLP
Chartered Accountants
FRN No. 107929/W100219

Bhawik Madrecha
Partner
M No.: 163412
UDIN: 22163412BFNRPQ3983

Place: Mumbai
Date: 16th December 2022

Standalone Balance Sheet

as at March 31, 2022

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
I ASSETS			
(1) Non Current Assets			
Property, Plant and Equipment	2	1,25,503.74	1,31,863.06
Right-of-use Assets	2	7,724.07	8,760.66
Capital Work in Progress	2	3,669.00	3,669.00
		1,36,896.81	1,44,292.72
Financial Assets			
Investments	3	153.49	153.49
		153.49	153.49
Deferred Tax Assets (net)	4	-	-
Other Non Current Assets	5	7,630.93	7,630.93
		7,630.93	7,630.93
		1,44,681.23	1,52,077.14
(2) Current Assets			
Inventories	6	2,08,632.37	2,08,888.73
		2,08,632.37	2,08,888.73
Financial Assets			
Trade Receivables	7	81.09	258.01
Cash and Cash Equivalents	8	2,781.76	1,678.28
Other Bank Balances	9	-	212.77
Other Current Financials Assets	10	-	1.82
		2,862.85	2,150.88
Current Tax (net)		332.81	346.55
Other Current Assets	11	17,544.09	17,054.84
		17,876.90	17,401.39
		2,29,372.12	2,28,441.00
TOTAL ASSETS		3,74,053.35	3,80,518.14
II EQUITY AND LIABILITIES			
(1) Equity			
Share Capital	12	73,759.13	73,759.13
Other Equity	13	(18,12,978.93)	(16,04,338.51)
		(17,39,219.80)	(15,30,579.38)
(2) Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	14	1,342.79	1,233.44
Lease Liability		7,489.52	9,246.75
		8,832.31	10,480.19
Provisions	15	30.75	34.73
		30.75	34.73
		8,863.06	10,514.92
Current Liabilities			
Financial Liabilities			
Borrowings	16	2,87,284.20	2,87,284.20
Trade Payables	17		
(a) Total outstanding dues of micro and small enterprises		753.84	753.84
(b) Total outstanding dues of creditors other than micro and small enterprises		33,269.10	31,438.09
Other Current Financial Liabilities	18	17,67,589.13	15,67,122.78
		20,88,896.27	18,86,598.91
Other Current Liabilities	19	4,518.85	3,023.45
Provisions	20	10,994.97	10,960.24
		15,513.82	13,983.69
		21,04,410.09	19,00,582.60
TOTAL EQUITY AND LIABILITIES		3,74,053.35	3,80,518.14
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 44		

As per our report on even date
For Pipara & Co LLP
 Chartered Accountants
 Firm Reg. No. 107929W/W100219
Bhawik Madrecha
 Partner
 Membership No. 163412

for and on behalf of Reliance Naval and Engineering Limited

Shiby Jobby
 Director
 DIN : 08350238
Sudip Bhattacharya
 Resolution Professional

Venkata Rachakonda
 Director
 DIN : 07014032

Place : Mumbai
 Date : 16th December 2022

Place : Mumbai
 Date : 16th December 2022

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from Operations	21	632.00	630.12
Other Income	22	1,107.10	2,428.03
Total Income		1,739.10	3,058.15
Expenses			
Cost of Materials Consumed	23	110.29	1,58,640.50
Cost of Raw Material Sold		-	-
Changes in Inventories of Work in Progress & Scrap	24	-	(1,58,846.49)
Employee Benefits Expenses	25	479.56	769.49
Finance Costs	26	1,99,856.87	2,03,181.38
Depreciation and Amortisation Expenses	2	7,395.91	7,377.76
Other Expenses	27	2,702.56	2,434.76
Total Expenses		2,10,545.19	2,13,557.40
Loss before Exceptional Items and Tax		(2,08,806.09)	(2,10,499.25)
Loss before Exceptional Items and Tax		(2,08,806.09)	(2,10,499.25)
Exceptional Items			
	28		
Impairment of Fixed Assets / CWIP		-	-
Impairment of Investments in Subsidiaries & Others		-	(1,896.73)
Impairment on Cancellation of NOPV order		-	(6,534.77)
Impairment of Advances to Subsidiary Company		-	(9,616.79)
Impairment on Cancellation of CGTS and FPV order		-	(35.87)
Reversal of Advances received from Customers on encashment of the BG's		-	16,040.84
Reinstatement of Loans to claim amounts		-	(1,30,165.13)
Reversal of impairment for the debtor (Indian Navy - Refit)		165.67	-
Loss Before Tax		(2,08,640.42)	(3,42,707.70)
Tax Expense			
- Current Tax		-	-
- MAT credit entitlement		-	-
- Tax of earlier Years		-	-
- Deferred Tax Credit/ (Reversal)	5	-	-
- Income Tax for Earlier Years		-	-
Loss for the year from continued operations		(2,08,640.42)	(3,42,707.70)
Profit / (Loss) for the period from discontinued operations		-	-
Tax Expenses of discontinued operations		-	-
Profit / (Loss) for the period from discontinued operations (after tax)		-	-
Loss for the year after discontinued operations		(2,08,640.42)	(3,42,707.70)
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to profit and loss in subsequent year			
Exchange differences on translation of Foreign Operations		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		-	80.66
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year		-	80.66
Total Comprehensive Income for the period		(2,08,640.42)	(3,42,627.04)
(Comprising Profit/(Loss) and Other Comprehensive Income/(Loss) for the year)			
Earnings per Equity Share of ₹ 10 each	29		
- Basic (In ₹)		(28.29)	(46.46)
- Diluted (In ₹)		(28.29)	(46.46)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 44		

As per our report on even date

For Pipara & Co LLP

Chartered Accountants

Firm Reg. No. 107929W/W100219

Bhawik Madrecha

Partner

Membership No. 163412

for and on behalf of Reliance Naval and Engineering Limited

Shiby Jobby

Director

DIN : 08350238

Sudip Bhattacharya

Resolution Professional

Venkata Rachakonda

Director

DIN : 07014032

Place : Mumbai

Date : 16th December 2022

Place : Mumbai

Date : 16th December 2022

Standalone Statement of Changes in Equity

for the year ended March 31, 2022

A Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Promoter & Promoter Group	-	-	-	-
Add: Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

B Other Equity

(₹ in Lakhs)

Particulars	Reserve and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income	
As at April 01, 2020	6,254.96	1,50,011.33	22,791.35	(14,40,858.34)	89.23	(12,61,711.47)
Add/(Less):						
Loss for the year	-	-	-	(3,42,707.70)	-	(3,42,707.70)
Other Comprehensive Income	-	-	-	-	80.66	80.66
As at March 31, 2021	6,254.96	1,50,011.33	22,791.35	(17,83,566.04)	169.89	(16,04,338.51)
As at April 01, 2021	6,254.96	1,50,011.33	22,791.35	(17,83,566.04)	169.89	(16,04,338.51)
Add/(Less):						
Loss for the year	-	-	-	(2,08,640.42)	-	(2,08,640.42)
Other Comprehensive Income	-	-	-	-	-	-
	-	-	-	(2,08,640.42)	-	(2,08,640.42)
As at March 31, 2022	6,254.96	1,50,011.33	22,791.35	(19,92,206.46)	169.89	(18,12,978.93)

As per our report on even date
For Pipara & Co LLP
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Shiby Jobby
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 DIN : 07014032

Place : Mumbai
 Date : 16th December 2022

Place : Mumbai
 Date : 16th December 2022

Standalone Cash Flow Statement

for the year ended March 31, 2022

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
A	Cash Flow from Operating Activities		
	Net Loss before Tax	(2,08,639)	(2,12,462)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	7,396	7,378
	Exceptional Items	-	(1,30,165)
	Interest Income	(22)	(51)
	Finance Costs	1,99,857	2,03,181
	Provision for Liquidated Damages	-	-
	Provision for estimated cost over contract revenue	-	-
	Provision for Non-Moving Inventory	-	-
	Actuarial gains/(losses) on defined benefit plans	-	-
	Cost Estimated for Revenue Recognised	-	-
	Balances Written off (net)	-	-
	Foreign Exchange Loss/(Gain) (net)	-	-
	Operating profit/(loss) before working capital changes	(1,408)	(1,32,119)
	Adjusted for		
	Inventories	256	(1,59,398)
	Trade and Other Receivables	(311)	1,74,218
	Trade and Other Payables	2,02,176	1,88,237
	Cash Used in Operations	2,00,713	70,938
	Direct Taxes (Paid) / Refund	14	18
	Net Cash Flow Used in Operating Activities	2,00,727	70,956
B	Cash Flow from Investing Activities		
	Sale of Property, Plant and Equipment and Capital Work in Progress	-	-
	FD kept with bank	213	(184)
	Interest Received	22	51
	Net Cash Flow (used in)/from Investing Activities	235	(133)
C	Cash Flow from Financing Activities		
	Increase in Borrowings	-	424
	Accrued Interest	(1,99,858)	(2,03,182)
	Recording of Borrowings as per claims	-	1,30,165
	Payment towards Lease Liability	-	-
	Impairment of Investments	-	1,897
	Net Cash Flow (used in) / from Financing Activities	(1,99,858)	(70,696)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	1,104	127
	Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
	*Exchange Difference on Foreign Currency is ₹ 86 in current year and ₹ 28,861 in previous year.		
	Cash and Cash Equivalents - Opening balance	1,678	1,551
	Cash and Cash Equivalents - Closing balance	2,782	1,678

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - Cash Flow Statement
- Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report on even date
For Pipara & Co LLP
 Chartered Accountants
 Firm Reg. No. 107929W/W100219
Bhawik Madrecha
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Shiby Jobby
 Director
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Venkata Rachakonda
 Director
 DIN : 07014032

Place : Mumbai
 Date : 16th December 2022

Place : Mumbai
 Date : 16th December 2022

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 1

Statement of Significant Accounting Policies

General Information

The financial statements comprise financial statements of Reliance Naval and Engineering Limited ("RNEL" or "the Company") for the year ended March 31, 2022. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchhaiya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels (NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

On September 4, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company"). The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020. Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP. The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31 (1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation of Financial Statements:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] on accrual basis and other relevant provisions of the Act. Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

1.2 Historical Cost Convention:

The financial statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS;
- ii Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- iii Defined benefit plans - plan assets measured at fair value; and
- iv Assets held for sale – measured at fair value less cost to sell.

1.3 Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian Rupee (INR), which is the functional currency for the Company.

1.4 Use of Estimates:

The preparation of Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and if material, their effects are disclosed in the notes to the Financial Statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets:

The assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

v. Discounting of long - term financial liabilities:

All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

vi. Determining whether an arrangement contains a lease:

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Fair value of financial instruments:

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. Revenue recognition:

Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from Contracts with Customers'. The estimates are revised periodically.

1.5 Current Versus Non Current Classification:

i. The assets and liabilities in the Balance Sheet are based on current / non - current classification. An asset is current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or
- 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

ii A liability is current when it is:

- 1 Expected to be settled in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Due to be settled within twelve months after the reporting period, or
- 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

1.6 Other Significant Accounting Policies:

I Property, Plant and Equipments:

- i. The Company has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Company has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost.
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use are capitalised as part of total cost of assets.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II Depreciation:

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50/47
Offshore Yard	50/48
Site development	32 to 37
Roads, Culverts & Bridge	25
Wall	20
Heavy Fabrication Area	14
SAP/ Technical Know How	10
Vehicles & excavator	8
Toilet Block	7
Computers and accessories	6
Office equipments	5/4
Mobile Phones	3/2
Spare parts	1

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

- ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III Borrowing Costs:

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

IV Intangible Assets:

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 - 10 years.

V Fair Value Measurement:

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an assets or liability is measured using the assumptions that market participants would use when pricing the assets or liability, acting in their best economic interest. The fair value of plant and equipments as at transition date to Ind AS have been taken based on valuation performed by an independent technical expert. The Company used valuation techniques which were appropriate in circumstances and for which sufficient data were available considering the expected loss/profit in case of financial assets or liabilities.

VI Inventories:

- i. Raw Materials, Stores and Spares, Work - in - Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 - Leases:

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

VIII Government Subsidy:

- i. Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii. Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.
- iii. Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

- iii. Non monetary foreign currency items are carried at historical cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

Financial Assets:

i Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

ii Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

iii Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables.

iv Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi Investment in Subsidiaries and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

vii Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from other comprehensive income to profit or loss.

viii Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. Debt instruments included with in the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

ix Derecognition of Financial Assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

x Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not valued through Statement of Profit and Loss.

Financial Liabilities:

i Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

ii Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

iii Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchase in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

iv Loans and Borrowings:

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

v Derecognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

vi Derivative Financial Instrument and Hedge Accounting:

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. 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.

XI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans:

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

iii. Other long-term employee benefits:

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement is recognised in Statement of Profit and Loss in the period in which they arise.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

XII Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date after taking credit for tax relief available for export operations in Special Economic Zones (SEZs)

Current tax assets and liabilities are offset only if, the Company:

- 1 has a legally enforceable right to set off the recognised amounts; and
- 2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rate and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- 1 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives 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.

XIV Warranty Provision:

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XV Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

XVI Earnings per share:

i. Basic earnings per share: Basic earnings per share is calculated by dividing:

- 1 the profit attributable to owners of the Company;
- 2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

ii. Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- 1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- 2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Depreciation of Assets	(₹ in Lakhs)											
	Owned Assets					Leased Assets			Intangible Assets			
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	Total		
I Gross Carrying Amount												
As at April 01, 2021	50,209.58	513,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12		
Additions during the year	-	-	-	-	-	-	-	-	-	-		
Deductions	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2022	50,209.58	513,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12		
II Accumulated Depreciation and Impairment												
a Accumulated Depreciation												
As at April 01, 2021	17,009.16	142,306.95	709.66	848.43	491.76	1,31,365.96	2,073.18	16,305.74	917.24	1,50,662.12		
Additions during the year	1,259.20	4,767.59	3.22	2.65	20.85	6,053.51	1,036.59	305.81	-	7,395.91		
Deductions	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2022	18,268.36	1,17,074.54	712.88	851.08	512.61	1,37,419.47	3,109.77	16,611.55	917.24	1,58,058.03		
b Impairment												
As at April 01, 2021	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28		
Additions during the year	-	-	-	-	-	-	-	-	-	-		
Deductions	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2022	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28		
III Net Carrying Amount as at 31.03.2022	23,939.57	94,734.60	24.81	27.30	69.99	1,18,796.27	7,724.07	6,707.47	-	1,33,227.81		
IV PPE retired from active use and held for disposal	599	2,18,867	608	901	338	2,21,313	-	-	10,730	2,32,043		

Note - 2

A Property, Plant and Equipments

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Depreciation of Assets	Owned Assets					Leased Assets		Intangible Assets		Total
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
Previous Financial Year										
I Gross Carrying Amount										
As at April 01, 2020	50,209.58	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12
Additions during the year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	50,209.58	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12
II Accumulated Depreciation and Impairment										
a Accumulated Depreciation										
As at April 01, 2020	15,749.95	1,07,539.32	700.84	844.74	466.95	1,25,301.80	1,065.38	15,999.93	917.24	1,43,284.35
Additions during the year	1,259.21	4,767.63	8.82	3.69	24.81	6,064.16	1,007.80	305.81	-	7,377.77
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	17,009.16	1,12,306.95	709.66	848.43	491.76	1,31,365.96	2,073.18	16,305.74	917.24	1,50,662.12
b Impairment										
As at April 01, 2020	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
Additions during the year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
III Net Carrying Amount as at 31.03.2021	25,198.77	99,502.19	28.03	29.95	90.84	1,24,849.78	8,760.66	7,013.28	-	1,40,623.72

*Other than Internally Generated.

B Capital Work in Progress	(₹ in Lakhs)	
	March 31, 2022	March 31, 2021
	3,669.00	3,669.00

2.1 The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. Further, additions include recognition of leasing arrangement towards Land as Right-of-use Assets of ₹ 10,833.84 lakhs and a Lease Liability of ₹ 10,833.84 lakhs as at April 1, 2019. The impact on the profit for the year is not material.

2.2 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 16 to the financial statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

2.3 Capital Work in Progress (net of impairment) includes:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
- Assets under construction and installation	3,669.00	3,669.00
- Preoperative expenses	-	-

2.4 Capital-Work-in Progress (CWIP) disclosure as per notification issued by Ministry Of Corporate Affairs

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress					-
Projects temporarily suspended				3,669.00	3,669.00

2.5 Impairment of Property Plant & Equipment, Intangible Assets and Capital Work in Progress:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Property Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in Progress	-	-
Total	-	-

In accordance with the Ind AS 36 on "Impairment of Assets", Capital Work-in-Progress were not tested for impairment during the year. During the year ended March 31, 2020, the Company had recognised an impairment charge of ₹ 6,608.21 lakhs in respect of Property, Plant & Equipment and Capital Work -in-Progress. The impairment recognised is included under exceptional items in the statement of profit and loss. During the financial year 2019 - 2020, the internal team had reviewed the Capital Work - in - Progress whereby it identified an impairment charge of ₹ 6,608.21 lakhs.

Note - 3

Investments

(₹ in Lakhs)

Particulars	% of holding	Face Value	Numbers		As at	As at
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Long Term Trade Investments (Unquoted and fully paid up) - Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited (refer note no. 3.3)	100.00%	₹ 10	2,17,09,327	2,17,09,327	1,896.73	1,896.73
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited)	100.00%	₹ 10	50,000	50,000	5.00	5.00
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50.00%	₹ 10	1,40,000	1,40,000	14.00	14.00
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services Limited)	100.00%	₹ 10	50,000	50,000	5.00	5.00
Reliance Technologies and Systems Private Limited	100.00%	₹ 10	10,000	10,000	1.00	1.00
PDOC Pte. Limited (Incorporated and place of business at Singapore)	100.00%	SGD 1	25,000	25,000	11.74	11.74
					1,933.47	1,933.47

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	% of holding	Face Value	Numbers		As at	As at
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	153.49	153.48
					153.49	153.48
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	-	0.05	0.05
					0.05	0.05
Less - Impairment of Investments					1,933.52	1,933.52
Total					153.49	153.48

3.1 Refer note no. 1(6)(x) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	153.49	-	153.48	-
Total	153.49	-	153.48	-

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company.

3.4 The Company has impaired investments, Interest Receivables, Loans & Advances in subsidiaries considering the following indicators; Subsidiaries have consistently incurred losses over the years and thereby Net Worth has fully eroded. There is no existing operating business being carried out in these subsidiaries because of changes in market, economic and legal environment conditions. These significant changes in working conditions are impacting the current business of the subsidiaries.

3.5 During the Financial Year 2019 - 2020 (before the commencement of CIRP), Reliance Underwater Systems Private Limited (RUSPL) ceased to be subsidiary and also associate company of Reliance Naval and Engineering Limited, by virtue of allotment of additional equity shares (49.99%) to Reliance Corporate Advisory Services Limited, and assigning the voting rights to Reliance Capital Limited.

3.6 During the financial year 2019 – 2020, RMOL Engineering and Offshore Limited, a wholly owned subsidiary of the Company was admitted under Corporate Insolvency Resolution Process (CIRP) by the National Company Law Tribunal (NCLT), Ahmedabad Bench, and appointed Interim Resolution Professional (IRP). Further IRP was appointed as Resolution Professional and now Liquidator has been appointed in December 2021.

3.7 As per applicable accounting framework, the entity shall also submit consolidated financial statements for the year ended 31st March 2022. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the Resolution Professional is not in a position to provide the consolidated financial statements, as the subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. In view of the above, the Company has only prepared Standalone Financial Statements.

Note - 4

Deferred Tax Liabilities/(Assets) (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	90,839.53	1,18,413.56
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	47,967.64	45,725.39
Disallowance in income tax	-	-
Depreciation losses	(19,721.32)	(18,378.92)

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Business losses	-	-
Fair Valuation of Financials Liability	-	227.56
	28,246.32	27,574.03
Other Comprehensive Income		
Related to Employee benefits	-	-
Deferred Tax not to be Considered (Refer Note 4.2)	62,593.21	90,839.53
Closing Balance	-	-

4.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the quarter ended March 31, 2022 and previous year, no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence not given.

4.2 The Company has not recognised net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as evidences.

Note - 5

Other Non Current Assets

(Unsecured and considered good)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits with		
Related Parties (Refer note no. 35)	7,370.00	7,370.00
Others	260.93	260.93
Total	7,630.93	7,630.93

Note - 6

Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials	39,862.69	39,961.68
Raw Materials in Transit	-	-
Work in Progress	1,68,038.94	1,68,038.94
Stores and Spares	730.74	888.11
Total	2,08,632.37	2,08,888.73

6.1 Refer note no. 1.7(VI) for basis of valuation.

6.2 All the Inventories of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 16 to the financial statements.

6.3 An amount of ₹ Nil lakhs (Previous Year ₹ 11,015 lakhs) has been provided during the year on account of Provision in Diminution in the value of inventories.

6.4 An amount of ₹ 158,846.49 lakhs is included in Work in Progress on cancellation of Orders of NOPV, CGTS and FPV, pending outcome of the representation made to the customers / legal action taken by us.

6.5 As on March 31, 2020, the Company has shipbuilding contracts receivables of ₹ 173,960. lakhs, including invocation of the bank guarantees amounting to ₹ 93,739 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has received a Show Cause Notice from the Ministry of Defence for

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

termination of aforesaid Contract. In response to the Notice, The Company replied to the notice and also filed a writ petition along with stay application before the Delhi High Court on February 15, 2020.

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company.

Although the MOD has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advance stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/Services and inventories has been made in the financial statement, which has been qualified by the auditors in their audit report.

- 6.6 In July 2021, the contracts for FPV and CGTS have been cancelled and the Bank Guarantees invoked. The Company has made representation to the customers and also taken up the matter with the NCLT. Pending outcome of the actions taken by the Company the amounts appearing under shipbuilding receivables have been impaired and value of ships under construction have been grouped under work in progress.

Note - 7

Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables Considered Good - Unsecured (Less than 180 days)	8.39	138.01
Trade Receivables Considered Good - Unsecured (More than 180 days)	72.70	120.00
Trade Receivables Credit Impaired	79,508.24	79,673.91
	79,580.94	79,793.91
Less: Provision for Credit Impaired	79,508.24	79,673.91
	72.70	120.00
Total	81.09	258.01

7.1 Trade Receivables are non - interest bearing and receivable in normal operating cycle.

7.2 Trade receivable disclosure as on 31st March 2022 as per notification issued by Ministry Of Corporate Affairs.

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables-considered good	8.39	72.69	-	-	-	81.08
Undisputed Trade Receivables-Considered Doubtful	-	-	-	-	79508.24	79,508.24
Provision	-	-	-	-	(79508.24)	(79508.24)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total	8.39	72.69	-	-	-	81.08

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 8

Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Balances with Banks in Current Accounts	2,781.63	1,678.15
Cash on hand	0.13	0.13
Total	2,781.76	1,678.28

Note - 9

Other Bank Balances

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Fixed Deposits with Banks held as Margin Money	-	212.77
Total	-	212.77

9.1 On 14th July 2021 Fixed Deposit with PS bank IDBI bank has been adjusted against the Bank guarantee as per the bank communication. The same has been adjusted along with interest against their loan amount.

Note - 10

Other Current Financials Assets

(Unsecured & considered good)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Interest Receivable	-	1.82
Advances to Subsidiary / Company Group Companies	-	-
Add: Guarantee Obligation for Subsidiary Company	-	9,616.79
	-	9,616.79
Less: Provision for impairment	-	(9,616.79)
Total	-	1.82

10.1 Refer Note no. 3.4 for Impairment on Loans and Advances pertaining to Subsidiaries. During the year the additional amount claimed against the Corporate Guarantee given for one of the Subsidiaries amounting to ₹ 9,616.79 lakhs recoverable from the Subsidiary is written off.

Note - 11

Other Current Assets

(Unsecured & considered good)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Security Deposits	1,742.35	1,742.35
Prepaid Expenses	371.51	3.28
Goods and Service Tax / Cenvat / VAT recoverable	948.35	946.95
Receivables pertaining to other income	76.38	
Advance against purchase of material / services	13,664.93	13,621.69
Shipbuilding Contracts Receivables	1,73,959.62	1,73,959.62
Less: Shipbuilding Contracts Receivables - Impaired	1,73,219.05	(1,73,219.05)
	740.57	740.57
Total	17,544.09	17,054.84

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

11.1 Shipbuilding Contract Receivables for NOPV, CGTS and FPV have been impaired on account of cancellation order by Ministry of Defence pending outcome of the representation made to the customers / legal action taken by us. Refer Note 6.4, 6.5 and 6.6.

11.2 Charge is created on the current assets as under:

- i) first *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second *pari passu* charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- ii) first *pari passu* charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.

Note - 12

Share Capital

(₹ in Lakhs)

Particulars	As at	
	March 31, 2022	March 31, 2021
Authorised	11,00,000.00	11,00,000.00
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/- each	4,00,000.00	4,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/- each	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
737,591,263 (Previous Year: 737,591,263) Equity Shares of ₹ 10/- each fully paid up	73,759.13	73,759.13
Total	73,759.13	73,759.13

12.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Add: Issued during the year on part conversion of debts	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

12.2 Shareholders holding more than 5% Shares in the Company:

(₹ in Lakhs)

Shares held by	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Reliance Defence Systems Private Limited	-	0.00%	-	0.00%
Vistra ITCL India Limited (on behalf of lenders)	14,51,04,995	19.67%	14,51,04,995	19.67%
Life Insurance Corporation of India	5,84,65,899	7.93%	5,84,65,899	7.93%
IL and FS Maritime Infrastructure Company Limited *	-	0.00%	3,63,49,464	4.93%
IL and FS Financial Services Limited *	-	0.00%	3,67,08,395	4.98%

* Less than 5% as at March 31, 2022

12.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity share holders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

12.4 Promoter & Promoter Group holding as on 31st March 2021 and 31st March 2022 is Nil.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 13

Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve		
Opening Balance	6,254.96	6,254.96
Additions during the year	-	-
	6,254.96	6,254.96
Securities Premium Account		
Opening Balance	1,50,011.33	1,50,011.33
Add :- On Issue of Shares	-	-
	1,50,011.33	1,50,011.33
Other Reserve		
Opening Balance	22,791.35	22,791.35
Additions during the year	-	-
	22,791.35	22,791.35
Retained Earnings		
Opening Balance	(17,83,566.04)	(14,40,858.34)
Add:- Profit (loss) for the year as per profit or loss statement	(2,08,640.42)	(3,42,707.70)
	(19,92,206.46)	(17,83,566.04)
Other Comprehensive Income		
Opening Balance	169.89	89.23
Add: Movement During the year (net)	-	80.66
	169.89	169.89
Total	(18,12,978.93)	(16,04,338.51)

Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit and loss is recognised as a part of retained earnings with separate disclosure of such items along with relevant amounts in the Note 25.

Nature and Purpose of Reserves :

Capital Reserve: This Reserve was created at the time of forfeiture of amounts received against convertible share warrants in the financial year 2011 - 12. It shall be utilised in accordance with the provisions of the Companies Act, 2013 (the Act), therefore not available for distribution of dividend.

Securities Premium Account: This Reserve was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Act.

Other Reserves: Other Reserve was created pursuant to first time adoption of Ind AS as at April 01, 2015 and not available for distribution as dividend.

Note - 14

Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Preference Shares		
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up	1,342.79	1,233.44
Secured Loans		
Non Convertible Debentures		
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹ 100 each (Refer note no 14.2)	-	-
	-	-
Total	1,342.79	1,233.44

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

14.1 Compulsorily Redeemable Preference Shares:

- i) 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company. No Dividend has been declared and paid.
- ii) As at March 31, 2022 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).
- iii) Reconciliation of Preference Shares outstanding at the beginning and at the end of the year

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Shares at the beginning of the year	4,22,45,764.00	4,224.58	4,22,45,764	4,224.58
Add: Shares Issued during the year on preferential basis *	-	-	-	-
Shares at the end of the year	4,22,45,764.00	4,224.58	4,22,45,764	4,224.58

* Accounted on Fair Value. Refer note no 33

14.2 Non Convertible Debentures (NCD):

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders have a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the year 2017-18, the Company had paid one time cost towards right of recompense payable through issuance of Non Convertible Debentures. Accordingly ₹ 16,239.65 lakhs was charged to Statement of Profit or Loss and shown as "Exceptional Items" and ₹ 7,989.09 lakhs had been capitalised as borrowing cost in earlier year. Other terms and conditions are given below:

These NCDs having coupon rate of 9.50% and Face value of ₹ 100 each are repayable in 49 quarterly structured instalments commencing from March 2019 and ending on March 2031. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during the year 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (RoR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void ab-initio and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the Company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.

The NCDs are to be secured by way of first *pari passu* charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future, second *pari passu* charge on all current assets and first *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited.

Since NCD's are infructuous in nature itself, thereby no provision is required to be created for Debenture Redemption Reserve.

Financial Creditors having claimed the NCD amount as a part of their claim the amount of NCD is transferred to loan account.

14.3 The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. However the banks have recalled all their loans and dues.

14.4 Secured Term loans are secured as under:

- i) first *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second *pari passu* charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- ii) first *pari passu* charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

iii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.

iv) by way of pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

14.5 Vehicle Loans are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated instalments (including interest) as per repayment schedule starting from July 01, 2012 to March 15, 2021, which have partially remained unpaid from October 2017

14.6 All the long term loans with the interest due thereon are grouped under Current Maturities note no 18.

Note - 15

Provisions

₹ in Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits	30.75	34.73
Total	30.75	34.73

Note - 16

Short Term Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	-	-
Unsecured Loans		
Banks	-	-
Body Corporates	2,87,284.20	2,87,284.20
	2,87,284.20	2,87,284.20
Total	2,87,284.20	2,87,284.20

16.1 The working capital loans from banks are secured by way of:

- i) First *pari passu* charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- ii) Second *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- iii) Second *pari passu* charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

16.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 21,709,327 equity shares of E Complex Private Limited held by the Company.

16.3 During the previous year the lenders have recalled all the loans and have invoked the equity shares of the Company pledged and guarantees available with them.

Note - 17

Trade Payables

₹ in Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Micro and Small Enterprises	753.84	753.84
Others	33,269.10	31,438.09
Total	34,022.94	32,191.93

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

17.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

₹ in Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount remaining unpaid	753.84	753.84
Interest due thereon	1,269.16	1,003.78
Interest paid by the Company in terms of Section 16 along with principal payments made	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	1,269.16	1,003.78
Interest remaining due and payable even in succeeding years	1,269.16	1,003.78

17.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

17.3 Trade payable disclosure as per notification issued by Ministry Of Corporate Affairs.

Creditor					
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	0.60	0.29	23.55	729.40	753.84
Others	4,619.20	2,179.85	1,385.88	25,084.17	33,269.10
Disputed dues- MSME					
Disputed dues- Others					
Total	4,619.80	2,180.14	1,409.43	25,813.57	34,022.94

Note - 18

Other Current Financial Liabilities

₹ in Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Current Maturities of Long Term Debts	12,45,663.94	12,45,496.36
Interest accrued and due on borrowings	5,04,818.51	3,07,110.61
Interest accrued but not due on borrowings	57.61	12.10
Lease Liability	1,834.39	648.27
Finance Guarantee Obligation	-	-
Creditors for Capital Goods	3,915.60	3,916.01
Statutory Dues	704.93	688.54
Other Payables *	10,594.15	9,264.86
Total	17,67,589.13	15,67,136.75

* Other payable includes an amount of ₹ 16.43 Lacs, which is on account of receipt of scrap sale. As the insurance claim has been filled against the damaged inventory and fixed assets, which is in the process of verification and hence the said amount is disclosed as payable towards the insurance company. Further Company is not in a position to identify the specific book value of these scarp assets and hence no impact is given in the respective assets.

* Includes a refundable security deposit of ₹ 5,00,00,000 received from the prospective resolution applicant. Also Includes amount payables to employees and provision for expenses.

18.1 The Company had issued a corporate guarantee for loan availed by RMOL Engineering and Offshore Limited (formerly known as Reliance Marine and Offshore Limited) ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the previous year, IFCI had recalled loan on May 29, 2017, and invoked corporate guarantee given by Company on June 6, 2017 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

In response to the recall notice, the Company and RMOL had requested the lender to liquidate the securities available with them and has offered to settle the balance amount through promoters' support. The petition has been admitted by the NCLT. Considering the current position of RMOL and admission of petition filed by lenders in NCLT, the Company has provided for the liability under current maturities of long term debt as claim for ₹ 25,648.89 lakhs has been preferred by lenders and has been admitted by RP in CIRP.

18.2 Interest on Interim finance during CIRP period is considered as Interest accrued but not due.

18.3 The amount of outstanding loans called by the bank along with the interest upto 15.01.2020 is as under:

		₹ in Lakhs
Sr. No.	Particulars	Amount
1	Bank of Baroda (Dena Bank)	52,782.47
2	Bank of Baroda (Vijaya Bank)	35,128.38
3	Bank of India	51,445.80
4	Bank of Maharashtra	11,014.95
5	Central Bank of India	72,522.06
6	EXIM	78,706.88
7	HUDCO	21,478.32
8	IDBI Bank	1,37,662.22
9	IFCI	52,821.95
10	IFCI UK	29,816.05
11	IL & FS	813.43
12	Jammu and Kashmir Bank	32,628.51
13	Karnataka Bank Limited	3,876.81
14	Karur Vysa Bank	4,136.99
15	Life Insurane Corporation of India	10,889.95
16	Punjab and Sind Bank	37,664.82
17	Punjab National Bank	68,083.21
18	Punjab National Bank (Oriental Bank of Commerce)	54,354.45
19	State Bank of India	1,96,500.45
20	UCO Bank	46,855.14
21	Union Bank of India	1,55,534.40
22	Union Bank of India (Corporation Bank)	31,978.30
23	United Bank of India	58,237.72

Note - 19

Other Current Liabilities

		(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021	
Advances from Customers	4,518.84	3,023.45	
Total	4,518.84	3,023.45	

Note :

Due to the Tauktae Cyclone in May 2021, certain items of inventory and fixed assets were impacted severely at Companies yard. Subsequently management had decided to sell the scrap/damaged assets to a third party. Accordingly, Company had conducted a process for scarp sale with due-approval of CoC and the insurance company and finalized a buyer from whom advance of ₹ 1,557 Lacs has been received till March 31, 22 forming a part of Advance from Customer. Buyer had taken the identified assets in the subsequent period and accordingly impact of the same is given in the subsequent period.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 20
Current Provisions

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
	(₹ in Lakhs)			
For Employee Benefits (Refer note no 25.1)		289.93		255.20
Other Provisions (Refer note no 20.1)	34,265.76		34,265.76	
Less: Estimated Liability for Outstanding Claims	23,560.72		(23,560.72)	
	10,705.04		10,705.04	
		10,705.04		10,705.04
Total		10,994.97		10,960.24

20.1 The Company has recognised liabilities based on substantial degree of estimation for provision for liquidated damages, warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

Particulars	(₹ in Lakhs)			
	Provision for Liquidated Damages	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2021	9,024.62	78.87	1,601.55	-
Add: Provision made for the year ended March 2022	-	-	-	-
Less: Amount Incurred and charged against the opening balance	-	-	-	-
Balance as at March 31, 2022	9,024.62	78.87	1,601.55	-

Note - 21
Revenue from Operations

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Ship Building	-	-
Repairs and Fabrication	632.00	618.08
Sale of Surplus Material	-	7.74
Other Operating Revenue		
Sale of Scraps	-	4.30
	632.00	630.12
Total	632.00	630.12

Refer note no 40 for IND AS 115 - Revenue from Contracts and Customers.

Note - 22
Other Income

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income	21.79	51.17
Foreign Exchange Difference (net)	-	701.11
Subsidy Received	-	1,515.68
Miscellaneous Income	1,085.31	160.07
Total	1,107.10	2,428.03

The above rental income includes a provisional income of ₹ 10,00,000/- on which GST is not accounted for and paid.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 23

Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Steel Plates and Profiles	0.60	8.68
Equipment and Components	109.69	158,631.82
Total	110.29	158,640.50

Note - 24

Changes in Inventories of Work - in - Progress and Scrap

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At the end of the year		
Scrap	-	-
Work in progress	1,68,038.94	1,68,038.94
a	1,68,038.94	1,68,038.94
Less :- At the beginning of the year		
Scrap	-	-
Work in progress	1,68,038.94	9,192.45
b	1,68,038.94	9,192.45
Changes in Inventories (b - a)	-	(1,58,846.49)

Note :

In respect of contract for supply of Offshore Support Vessels (OSVs), the customer i.e. Oil and Natural Gas Corporation of India (ONGC), has terminated the contract during the year 2018 - 2019 and invoked the performance and other bank guarantees given against the said contract. The Company has challenged the said action of ONGC by invoking arbitration in terms of the contract and hopeful of the positive outcome. However looking at the overall circumstances, the Company has valued the receivables from the contract at their fair market value and considered the same as work in progress.

The contracts for NOPV, FPV and CGTS have also been cancelled and the Bank Guarantees invoked, accordingly the amounts appearing under shipbuilding receivables have been impaired and value of ships under construction have been grouped under work in progress.

Note - 25

Employee Benefits Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Allowances	455.41	734.74
Contribution to Provident and Other Funds	24.15	33.82
Staff Welfare Expenses	-	0.93
Total	479.56	769.49

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

25.1 Employee Benefits

As per Ind AS 19 “Employee Benefits”, the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Employers Contribution to Provident Fund	13.42	18.68
Employers Contribution to Pension Fund	10.73	15.14
Total	24.15	33.82

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Gratuity (Funded)

i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Defined Benefit Obligation at beginning of the year	95.95	179.86
Current Service Cost	5.35	22.51
Past Service Cost	-	-
Current Interest Cost	3.17	10.43
Actuarial (Gain) / Loss	(29.55)	(116.85)
Benefits paid / reversed		
Defined Benefit Obligation at end of the year	74.92	95.95

ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Fair Value of Plan Assets at the beginning of the year	105.10	99.20
Expected Return on Plan Assets	4.11	5.90
Actuarial Gain / (Loss)	7.16	-
Fair Value of the Assets at the end of the year	116.37	105.10

iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Fair Value of Plan Assets at the end of the year	116.37	105.10
Present Value of Defined Benefit Obligation at end of the year	74.92	95.95
Liabilities / (Assets) recognised in the Balance Sheet	(41.45)	(9.15)

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

iv) Expenses recognised during the year:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Current & Past Service Cost	5.35	22.51
Past Service Cost	-	-
Interest Cost	3.17	10.43
Expected Return on Plan Assets	(4.11)	(5.90)
Net Cost Recognised in profit or loss	4.41	27.04
Actuarial (Gain) / Loss recognised in other comprehensive income	(29.55)	(116.85)

v) Assumptions used to determine the defined benefit obligations:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Mortality Table (LIC)	(2012-14 ultimate)	
Discount Rate (p.a.)	5.22%	3.91%
Estimated Rate of Return on Plan Asset	5.22%	3.91%
Expected Rate of increase in Salary (p.a.)	0.00%	0.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

vi) Sensitivity Analysis:

(₹ in Lakhs)

Particulars	Effect on Gratuity Obligation Increase/ (Decrease)	
	March 31, 2022	March 31, 2021
Defined Benefit Obligation - Discount Rate + 100 basis points	(1.40)	(1.91)
Defined Benefit Obligation - Discount Rate - 100 basis points	1.48	2.00
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	1.87	2.52
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(1.81)	-
Defined Benefit Obligation - Withdrawal Rate - 25% increase	1.30	1.17
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	(2.09)	(1.95)

The above sensitivity analysis is based on an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the Balance Sheet.

vii) Risk Exposure :

- Investment Risk:** The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.
- Interest Risk:** A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan debt investment.
- Liquidity Risk:** The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

viii) **Details of Asset-Liability Matching Strategy:** Gratuity benefits liabilities of the Company are funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

ix) **The expected payments towards to the gratuity in future years:**

Particulars	(₹ in Lakhs)	
	March 31, 2022	March 31, 2021
0 to 1 Year	53.35	53.35
2-5 Years	40.44	55.91
More than 5 Years	9.12	12.24

The average duration of the defined benefit plan obligation at the end of reporting period is 10 years (Previous Year: 8 years).

b) **Leave Encashment (Unfunded)**

During the previous year Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

Consequently as there is no liability towards the leave encashment actuarial valuation has not been carried out

Note : Above details are captured from the Actuarial report. The company had certain gratuity liability Pre-CIRP and also making certain provision for the Post-CIRP basis the calculation done by HR department of the company.

As per the actuarial valuation report there is net assets position. However, company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity and leave encashment in note no. 20 will not match with above disclosure.

Note - 26

Finance Costs

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expenses	1,99,684.13	2,03,091.63
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	172.74	89.75
Total	1,99,856.87	2,03,181.38

26.1 For the Financial Year 2021-22, the Company has recognized finance cost and penal interest on provisional rate of 13% at simple interest on the basis of interest rate available in IDBI sanction letter (being the lead bank).

Note - 27

Other Expenses

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumables, Stores and Spares	231.14	251.83
Power, Fuel and Water	498.33	534.68
Repairs and Maintenance	90.99	87.87
Labour / Fabrication and Subcontractor Charges	623.89	832.27
Equipment Hire Charges	5.98	18.84
Rent	14.86	156.32
Testing and Inspection Charges	5.67	8.30
Insurance	328.71	198.63
Provision for Estimated Cost Over Contract Revenue	-	(355.26)
Rates and Taxes	0.02	0.02
Communication Expenses	6.55	11.70

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Travelling, Conveyance and Vehicle Hire Charges	14.46	7.65
Legal and Professional Charges	628.06	598.21
Foreign Exchange Difference (net)	2.63	-
Payment to Auditors	25.08	16.50
Advertising, Publicity and Selling Expenses	3.86	12.29
Security Expenses	134.00	37.70
Miscellaneous Expenses	88.33	17.21
Total	2,702.56	2,434.76

Note - 27.1 Payment to Auditors includes:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit Fees	16.50	16.50
Out of pocket expenses	1.09	-
Certification Charges	-	-
Total	17.59	16.50

Notes - 28

Exceptional Items

The company realized the amount of ₹ 166 lakhs in the month of November 2021 for which the company has provided full provisions, hence the same has been treated as exceptional receipt and accordingly shown in financials for the year ended March 31, 2022.

Note - 29

Earnings Per Share (Basic and Diluted)

(₹ in Lakhs)

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Loss attributable to the Equity Shareholders		(2,08,640.42)	(3,42,707.70)
Amount available for calculation of Basic and Diluted EPS	(a)	(2,08,640.42)	(3,42,707.70)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	73,75,91,263	73,75,91,263
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	(28.29)	(46.46)

Note - 30

Contingent Liabilities and Commitments

30.1 Contingent Liabilities:

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
a)	Guarantees given by Company's Bankers		
i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	0.00	0.00
ii)	Other Bank Guarantees	72.96	72.96
	(Bank Guarantees are provided under contractual / legal obligations.)		

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
b)	Corporate Guarantee (Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)	13,924.02	13,924.02
c)	Demands not acknowledged as Debts (net)		
i)	Income Tax Majorly the tax demand due to disallowances by the Income tax department and Interest	189.72	178.60
ii)	Service Tax, Excise Duty and Sales Tax Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.	3,939.92	3,939.92
iii)	Third Party Claims The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.	15,718.13	15,273.91
d)	Letters of Credit opened in favour of suppliers (Cash Outflow is expected on receipt of materials from suppliers)	-	-

30.2 Commitments:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
- Other Commitments (for investment in the Associates)	312.24	312.24

Note - 31

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 64,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc. a General Bond in favour of the President of India for a sum of ₹ 15,300 lakhs (Previous Year : ₹ 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350 lakhs (Previous Year: ₹ 1,350 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

The Company has received Twenty One show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to alleged wrong availment of Cenvat/Customs Duty/Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 32

Going Concern

Financial Results of the Company for the period and year ended March 31, 2022 have been taken on record by the RP while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP. Hence the financial results for the period and year ended March 31, 2022 have been prepared on going concern assumptions. The RP took charge of the Company on May 5, 2020 and authorized the Key Management Personnel (KMP's) to continue with their respective roles and charges as per their original work allocation.

Note - 33

Fair Value Measurements

The fair value of the financial assets and liabilities are included at the amount that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price and financial instruments like Mutual Funds for which NAV is published by the Mutual Fund Operator. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and Mutual Fund are valued using the Closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2. Instruments in the level 2 category for the Company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in this level. Instruments in level 3 category for the Company include unquoted equity shares and FCCDs, unquoted units of mutual funds and unquoted units of venture capital funds.

The carrying amount of all other Financial Assets is reasonably approximate to its fair value.

Financial Liabilities

The Preference shares are classified as a financial liability. The liability in case of Preference Shares and Non Convertible Debentures are initially recognised on fair value and the difference between fair value and transaction price is considered as Other Income. Subsequently the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised as other income on the transaction date and subsequent impact are recognised as finance cost in the Statement of Profit and Loss.

The carrying amount of all other Financial Liabilities is reasonably approximate to its fair value. The fair values disclosed above are based on discounted cash flows using current borrowing rate. These are classified at level 2 fair values in the fair value hierarchy due to the use of observable inputs.

During the years mentioned above, there have been no transfers amongst the levels of the hierarchy.

Valuation process

The Company evaluates the fair value of the financial assets and financial liabilities on periodic basis using the best and most relevant data available. Also the Company internally evaluates the valuation process periodically.

Note - 34

Segment Reporting

The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2021 and in respect of assets/liabilities as at March 31, 2022.

- I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

II Revenue from Major Customers :

Revenue from operations include ₹ 632 lakhs (Previous Year: ₹ 630.12 lakhs) from one customer (Previous Year: one customer) having more than 10% of the total revenue

Note - 35

Related Party Disclosures

a) List of Related parties

1 Subsidiary Companies

E Complex Private Limited (ECPL)

RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)

Reliance Technologies and Systems Private Limited (RTSPL)

REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)

PDOC Pte. Ltd. (PDOC)

2 Associates

Reliance Defence Systems Private Limited

Reliance Defence Limited (upto April 24th 2020)

Reliance Infrastructure Limited

Conceptia Software Technologies Private Limited

3 Key Managerial Personnel

Mr. Madan Pendse (upto: 31.05.2022)

Mr. Avinash Godse (upto: 19.03.2021)

Mr. Rakesh Kantode (w.e.f.: 28-06-2021)

b) Terms and Conditions of transactions with related parties

The transactions with related parties are at arm's length price and in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances, which is merely reimbursement of expenses. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

1 Transactions with related parties for the year ended March 31, 2022 (for the period which relationship exist)

Nature of transactions	Subsidiary Company					Total
	RUSPL	REDS	PDOC	ECPL	RMOL	
Lease Rent	-	-	-	393.50	-	393.50
	(-)	(-)	(-)	(393.50)	(-)	(393.50)
Infrastructure Facility Charges	-	-	-	1,240.00	-	1,240.00
	(-)	(-)	(-)	(1,240.00)	(-)	(1,240.00)
Interest Expenses	-	-	-	617.83	-	617.83
	(-)	(-)	(-)	(618.61)	(-)	(618.61)
Security Deposits - Non Current	-	-	-	7,370.00	-	7,370.00
	(-)	(-)	(-)	(7,370.00)	(-)	(-)
Borrowings**						
Balance as at April 1, 2021	-	-	-	5,148.58	-	5,148.58
	(-)	(-)	(-)	(5,174.84)	(-)	(5,174.84)
Received During the year	-	-	-	-	-	-
	(-)	(-)	(-)	(26.26)	(-)	(26.26)
Repaid during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Balance as at March 31, 2022	-	-	-	5,148.58	-	5,148.58
	(-)	(-)	(-)	(5,148.58)	(-)	(5,148.58)

(₹ in Lakhs)

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

Nature of transactions	Subsidiary Company					Total
	RUSPL	REDS	PDOC	ECPL	RMOL	
Interest Payable**						
Balance as at March 31, 2022	-	-	-	2,463.66	-	2,463.66
	(-)	(-)	(-)	(1,845.83)	(-)	(1,845.83)
Corporate Guarantee Given						
Balance as at March 31, 2022	-	6,961.75	-	5,021.65	-	11,983.40
	(-)	(6,961.75)	(-)	(5,021.65)	(-)	(11,983.40)
Non Current Investment						
Balance as at March 31, 2022 (*)	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

Figures in brackets represents previous year's amounts.

(*) Investments in E Complex Private Limited has been impaired during the year

(**) Closing balance

2 Transactions with related parties for the year ended March 31, 2022 (for the period which relationship exist)

(₹ in Lakhs)

Nature of transactions	Associates			Total
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	
Engineering & Design Fees	-	-	-	-
	(-)	(-)	(-)	(-)
Rent	-	-	-	-
	(-)	(67.94)	(-)	(67.94)
Interest Expenses on ICD	-	-	366.86	366.86
	(-)	(-)	(366.86)	(366.86)
Sale of Surplus Material	-	-	-	-
	(-)	(-)	(-)	(-)
Dividend Received	-	-	-	-
	(-)	(-)	(-)	(-)
Trade Payables (**)	71.49	752.56	-	824.05
	(71.49)	(752.56)	(-)	(824.05)
Interest Accrued but not due (**)	-	44,743.28	1,737.97	46,481.25
	(-)	(44,743.28)	(1,371.11)	(46,114.39)
Borrowings				
Balance as at April 1, 2021	-	-	2,934.91	-
	(-)	(-)	(2,934.91)	(-)
Received during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Repaid during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Assigned to Third Party	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at March 31, 2022	-	-	2,934.91	-
	(-)	(-)	(2,934.91)	(-)
Non Current Investment				
Balance as at March 31, 2022	153.48	-	-	153.48
	(153.48)	(-)	(-)	(153.48)

Figures in brackets represents previous year's amounts.

(**) Closing balance

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

3 Transactions with related parties for the year ended March 31, 2022 (for the period which relationship exist)

(₹ in Lakhs)

Nature of transactions	Key Managerial Persons*			Total
	Mr. Madan Pendse	Rakesh Kantode	Mr. Avinash Godse	
Short Term Employee Benefits	19.46	-	-	19.46
	(18.53)	(-)	(8.32)	(26.85)
Post Employment Benefits	-	-	-	-
	(-)	(-)	(-)	(-)

Figures in brackets represents previous year's amounts.

*As the liability of gratuity and leave encashment is provided by Company as a whole and not for particular person, the same is not included in above figures.

- c) Details of Loan given and investment made and guarantee given, covered u/s 186(4) of the Companies Act, 2013.
- Loan given and investment are given under the respective head.
 - Corporate Guarantee have been issued on behalf of subsidiary companies, details of which are given in related party transactions above.

Note - 36

Operating Lease

The Company has entered into a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 30 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub-leases. There are no contingent rents. Disclosures as required under Ind AS 116 on "Lease" are given below:

Future minimum lease payments under non-cancellable operating lease:

(₹ in Lakhs)

Sr No	Particulars	Land		Infrastructure Facilities	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
1	Rent debited to Statement of Profit and Loss during the year	594.39	594.39	1,240.00	1,240.00
2	Future Minimum Lease payments payable in:				
i.	Less than one year	594.39	594.39	1,240.00	1,240.00
ii.	One to five years	924.99	2,600.08	6,935.09	5,260.00
iii.	More than five years	10,655.30	11,463.55	3,240.75	2,432.50

Note - 37

Financial Risk Management Objective and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Company's operations, projects under implementation and to provide guarantees to support its operations. The Company's principal financial assets include investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors, reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk:

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

I Interest rate exposure profile appended in the table below

(₹ in Lakhs)

Borrowings	As at March 31, 2022	As at March 31, 2021
Floating Rate Loans	12,45,663.94	12,45,496.36
Fixed Rate Loans	2,87,284.20	2,87,284.20
Total	15,32,948.14	15,32,780.56

II Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

(₹ in Lakhs)

Risk Exposure	As at March 31, 2022		As at March 31, 2021	
Effect on profit/ (loss) before tax due to following change in interest rates	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	2,491.33	2,491.33	2,490.99	2,490.99

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency exposures:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Payables (A)	4,552.08	4,552.08
Trade and Other Receivables (B)	-	-
Net Exposure (A-B)	4,552.08	4,552.08

The advances to the vendors in foreign currency is not considered above.

Foreign Risk Sensitivity:

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

(₹ in Lakhs)

Risk Exposure	As at March 31, 2022		As at March 31, 2021	
Effect on profit / (loss) before tax due to foreign exchange rate fluctuation	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
	227.60	227.60	227.60	227.60

Commodity price risk:

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

Liquidity risk:

Liquidity risk is the risk that the Company will face in meeting its obligation associated with its financial liabilities. The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of Bank Overdrafts, Letters of Credit and Working Capital Limits.

Note - 38

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements..

Capital Gearing Ratio

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Equity	73,759.13	73,759.13
Retained Earnings	(18,12,978.93)	(16,04,338.51)
Total (A)	(17,39,219.80)	(15,30,579.38)
Borrowing		
Non-Current	1,342.79	1,233.44
Current	15,32,948.14	15,32,780.56
Total (B)	15,34,290.93	15,34,014.00
Capital Gearing Ratio (B/A)	(0.88)	(1.00)

Note - 39

Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 14 and Note No 16 has been invoked by the banks.

Note - 40

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

The Company has not recognised any revenue the current year and hence not disclosed.

Note - 41

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Company, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Company.

Few of the construction activities are already commenced albeit in a limited manner. Further the Company has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. Any changes due to the changes in situations/ circumstances will be taken into consideration, if necessary, as and when it crystallizes; accordingly it is not possible to determine exact financial impact of COVID-19 pandemic over the business at this juncture.

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 42

The erstwhile CFO had rendered its resignation on May 16, 2022 and accordingly on the date of signing of this audited financial result, the place of the CFO is vacant. In the absence of the Company Secretary, Chief Financial Officer and other officials who were primarily responsible for book closure process and financial reporting, the employees have made all practical and reasonable efforts from time to time to gather details to prepare these financial statements, despite various challenges and complex circumstances. The accompanying audited financial results have been prepared by the accounting professionals engaged by the corporate debtor. Basis the financial statements prepared by the accounting professional appointed by the Company by with the guidance of Ex-Chief Financial Officer who was in office till May 31, 2022, the Resolution Professional has considered and approved the audited Financial Results of the Company for the quarter year ended March 31, 2022.

The reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was undertaken by the employees of RNEL based on the information available with them, the same is under process. There are a few items under reconciliation and the impact on the books of accounts, if any will be given in the subsequent period.

Note - 43.1

Ratios as on period ended March 31, 2022.

(₹ in Lakhs)

Particulars	Numerator	Denominator	Ratio for Mar 2022	Ratio for Mar 2021	Variance	Explanation for variance above 25%
(a) Current Ratio	Current Assets	Current Liability	0.110	0.120	8.33	
(b) Debt-Equity Ratio	Total Debt	Share Holders Equity	(0.170)	(0.190)	10.53	
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	(0.003)	0.00012	2,600.00	Due to interest expense charged in FY 2020-21 include interest on previous year
(d) Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	0.128	0.155	17.42	
(e) Inventory turnover ratio	Turnover	Inventory	0.003	0.003	-	
(f) Trade Receivables turnover ratio	Income from Operations	Average Trade Receivable	0.268	0.241	(11.20)	Due to realisation of outstanding dues.
(g) Trade payables turnover ratio	Trade purchases / expenses	Average Trade payable	13.410	12.770	(5.01)	
(h) Net capital turnover ratio	Net Sales	Working Capital	(0.001)	(0.002)	50.00	Due to in FY 2020-21 subsidy of ₹ 15 Cr received from government
(i) Net profit ratio	Net Profit after Tax	Net Sales	(119.970)	(112.060)	(7.06)	
(j) Return on Capital employed	EBIT	Capital employed	0.140	0.260	46.15	Due to increasing in loss on account of minimal operation
(k) Return on investment	Net return on investment	Cost of investment	0.100	0.240	58.33	Due to FD adjusted in July 2021 against Bank Guarantee

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note - 43.2

Other Statutory Information

- (a) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible assets during the year.
- (b) The Company has not given any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment granted to promoters, directors, KMPs and related parties.
- (c) The Company has not used borrowings for purpose other than specified purpose of the borrowing. Further, there is no delay in creation of charges with ROC beyond the statutory period.
- (d) The Company does not have any Benami property. Further, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (e) The Company does not have transactions with any struck off companies during the year.
- (f) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year.
- (g) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (i) The Company does not have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (j) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.
- (k) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (l) The Company has not filed any Scheme of Arrangements in terms of sections 230 to 237 of the Companies Act, 2013 with any Competent Authority.
- (m) There is pending satisfaction of charge with ROC.

Note - 44

Others

Previous year figures have been regrouped and rearranged, wherever necessary to make them comparable with those of the current year.

The Finance Cost includes ₹ 45.51 lakhs as interest on Interim Funding received during CIRP Period and ₹ 172.39 lakhs as BG Commission, will be treated as CIRP Cost. The interest provided on the financial loans (apart from Interim Funding) has been recognised as per the applicable accounting standards and does not form a part of CIRP Expenses.

The presentation of Property, Plant, and Equipment under non-current assets is further bifurcated in Right-of-use Assets to comply with the applicable reporting framework. Comparative amounts are also changed. The trade receivables and advances from the customer are regrouped for better understanding. The comparative figures are not changed for the same.

On 24th February 2022, two compliant Resolution Plans were submitted by Prospective Resolution Applicants, and it was presented to the Committee of Creditors (CoC) members for approval via e-voting in accordance with Section 30(4) of the Insolvency and Bankruptcy Code, 2016 (Code) read with Regulation 39(3) of the CIRP Regulations. The e-voting on approval of the Resolution Plans was concluded on March 17, 2022 at 8.00 p.m. and the Resolution Plan submitted by Hazel Mercantile Limited was duly approved by 94.86% of CoC members under Section 30(4) of the Code as a successful Resolution Plan subject to the approval of Hon'ble NCLT Ahmedabad. The Resolution Professional (RP) of the Company has duly filed the Resolution Plan as approved by the CoC with the Hon'ble NCLT, Ahmedabad Bench on March 23, 2022, in accordance with Section 30(6) of the Insolvency and Bankruptcy Code, 2016. As the final approval of the resolution

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

plan from NCLT is still under process, the Company has not taken into consideration any impact on the value of tangible, financial, and other assets, if any, in preparation of Financial Statements and has not made a full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2022, in the carrying value of the above assets.

The companies CS resigned on 28th May 2022 and the CFO on 31st May 2022. On the date of result, position of CFO and CS is vacant and hence the financials statement are subject to sign by resolution professional.

The CFO was in negotiations till Sept 2022 with a resolution professional of Reliance Naval and Engineering Limited to reconsider his resignation. However, the CFO informed the RP on 2nd December of his inability to continue in the role. Consequently, the company intimated the exchange on December 6, 2022.

Financial Creditor from whom the Company had taken a loan in foreign currency has submitted the claim for outstanding loan and unpaid interest thereon in CIRP in INR. This claim has been accepted by Resolution Professional. As a result, the loan amount with unpaid interest has not been reinstated at the current exchange rate. The amount payable at the current exchange rate is not more than the amount presently provided for in the books of accounts. As per Company estimates, the Company is charging 13% P.A. on the claim amount, the claim amount includes the foreign currency loan. The rate of interest charged is much higher than the initial interest, on the principle of conservatism the Company is not recognizing Foreign exchange gain.

The Company had sold the scrap material of goods damaged due to Cyclone Tauktae, which impacted the Company's premises in May 2021. The damaged goods were insured and in order to sell the goods as scrap, the Company obtained the "No objection certificate" (NOC) from the insurance surveyor before initiating the sale of scrap. Accordingly, sales realization is not considered as revenue of the Company.

The AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues. Due to the CIRP Proceedings, the Company experienced difficulties as its senior employees, including the Company Secretary and Chief Financial Officer, left the Company.

As per regulatory compliance, the company is required to conduct an internal audit but the same has not been done for the period ending March 31, 2022.

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2022, since there is no liability to be reversed in the books of accounts.

The financial statement for the FY 21-22, have been prepared on the basis of the trial balance for the period ended March 31, 2022 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2020 and in turn as at March 31, 2021. Prior to the commencement of CIRP, the Board of Directors, whose executive powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the Company together with the KMPs for the year ended 31st March 2020. Thus, the Resolution Professional does not assure accuracy and reliability of the opening balances as at 1st April 2020.

The primary purpose of preparing the financial statements is for the compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act").

During the year as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP/RP and the said process of receiving claims is still ongoing. These claims have been verified by the RP and his team. No adjustments has been made in the books of accounts for the period ended on March 31, 2022, claims submitted will be dealt as per the provisions of the code, post implementation of the approved Resolution plan, necessary adjustment will be made in these statements for the differential amounts, if any. This matter has accordingly been qualified by the auditors in their Limited review report.

As per our report on even date
For Pipara & Co LLP
 Chartered Accountants
 Firm Reg. No. 107929W/W100219
Bhawik Madrecha
 Partner
 Membership No. 163412

for and on behalf of Reliance Naval and Engineering Limited

Shiby Jobby
 Director
 DIN : 08350238
Sudip Bhattacharya
 Resolution Professional

Venkata Rachakonda
 Director
 DIN : 07014032

Place : Mumbai
 Date : 16th December 2022

Place : Mumbai
 Date : 16th December 2022

INDEPENDENT AUDITOR’S REPORT

To,
The Members of Reliance Naval and Engineering Limited
CIN No. L35110GJ1997PLC033193

Report on the Audit of the Consolidated Financial Statements

1. Disclaimer of Opinion

We have audited the accompanying Consolidated Financial Statements of Reliance Naval Engineering Limited (“the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”) which include the Group’s share of profit in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

We do not express an opinion on the accompanying Consolidated Financial Statements of the Group because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

2. Basis for Disclaimer of Opinion

- i) The Hon’ble National Company Law Tribunal (“NCLT”), vide its order dated January 15, 2020 (“Insolvency Commencement Date”) initiated the Corporate Insolvency Resolution Process (“CIRP”) of the Company under the Insolvency and Bankruptcy Code, 2016 (“Code”). The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional (“IRP”) in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the “CoC”) had replaced the IRP with Mr. Sudip Bhattacharya as the Resolution Professional (“RP”) for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5, 2020. Subsequently, in CoC meeting dated February 23, 2022, the resolution plan submitted by M/s Hazel Infra Limited was approved, and subsequently was approved by NCLT vide its order dated December 23, 2022.

As per the provision of resolution plan, a Monitoring Committee was appointed to implement the plan, and monitor the operations of company till the takeover of control by newly appointed board. Vide the Monitoring Committee’s meeting dated January 4, 2024, it was dissolved, and the appointed new board of directors (“New Management”) of the company were given full authority to manage the affairs of the Company in accordance with the provisions of Companies Act, 2013.

During the CIRP Tenure i.e., from January 15, 2020 to December 22, 2022, the powers of the Erstwhile Board of Directors were suspended. And in such tenure the powers of the Board were exercised by the RP. The RP, in the capacity of an authorized person, prepared the Standalone Financial Statements of Company the year then ended March 31, 2022 and signed the same on December 16, 2022. Further, as informed by the new management, due to non-availability of financial information of subsidiaries and associates of Parent Company, the Consolidated Financial Statement for the year ending March 31, 2022 were not being prepared by the Resolution Professional. However, currently for the compliance to the provisions of Companies Act, 2013, newly appointed board of Directors had undertaken efforts to collect financial information of subsidiaries and associates, wherein they had received the information of associates and accordingly prepared the accompanying Consolidated Financial Statements with best available information.

Despite of efforts undertaken by the management of Parent Company, financial information of subsidiaries were not available and accordingly, were not consolidated in the Consolidated Financial Statements and accordingly, we are not been able to ascertain the financial impact of the balances and transaction of subsidiaries in the Consolidated Financial Statements for the year ending March 31, 2022.

Further, in accordance with the provisions of Ind AS 110 “Consolidated Financial Statements”, while preparing the Consolidated Financial Statement, parent company is required to eliminate the effect of transactions undertaken during the year and balances outstanding at the year end with the intra group companies consisting of subsidiaries, however, due to non-availability of financial information of following subsidiaries, management have not eliminated the transactions and outstanding balances of said subsidiaries;

Name of the Subsidiary	Status	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited (ECPL)	Under CIRP	India	100%
RMOL Marine and Offshore Limited (RMOL) (formerly Reliance Marine and Offshore Limited)	Under Liquidation	India	100%
PDOC Pte. Ltd.	Active	Singapore	100%

Name of the Subsidiary	Status	Country of Incorporation	Proportion of Ownership Interest
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services Limited)	Under Liquidation	India	100%
Reliance Technologies and Systems Private Limited	Active	India	100%

Financial information of following associate was available, which have been considered for consolidation by management in current financial statement;

Name of the Associate	Status	Country of Incorporation	Proportion of Ownership Interest
Conceptia Software Technologies Private Limited (Engaged in the business of Software Design)	Active	India	25.50%

- ii) This Consolidated Financial Statements of the company have been prepared by the management relying on the Standalone Financial Statements of Parent Company for the year ended March 31, 2022 as adopted and signed by Resolution Professional on December 16, 2022 (i.e., during CIRP Tenure). Subsequent to adoption of said Standalone financial statement, various event has been occurred, however, the management had not considered the financial impact of such events in the Consolidated Financial Statements, which is required in accordance with the provisions of Ind AS 10 “Events after the Reporting Period”. Hence, we are unable to ascertain financial impact of such events in the consolidated financial statements in accordance with the SA 560 “Subsequent Events” and accordingly our opinion is qualified on this matter.
- iii) We have issued the disclaimer of opinion on the audit of Standalone financial statement of the Holding Company for the year ended March 31, 2022 on December 16, 2022. All of those bases for disclaimer of opinion have been reconsidered in this audit report on the consolidated financial statement for the year ended March 31, 2022.
- iv) The Standalone Financial Statement of Parent Company for the year ended March 31, 2022, were prepared on the basis of the trial balance for the period ended March 31, 2021 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2020 and in turn as at March 31, 2021. Prior to the commencement of CIRP, the Board of Directors, whose executive powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the Company together with the KMPs for the year ended 31st March 2020. Thus, the Resolution Professional who had adopted the Standalone Financial Statement of the Parent Company, does not assure the accuracy and reliability of the opening balances as at April 1, 2020.
- v) As per SA 510, para 10, read with SA 705 (Revised) as applicable, when an auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since we were unable to obtain appropriate audit evidences pertaining to opening balances to the extent as mentioned in subsequent paras and other financial information, (where applicable), we express a disclaimer of opinion.
- vi) The aggregate carrying value of Property, Plant and Equipment (PPE), Right of use of assets, Capital Work in Progress (CWIP), Investments, Other Non-Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc.) is ₹ 3,71,168 Lakhs. The Management had doesn't considers any impact of impairment in the value of tangible, financial and other assets, if any, in preparation of Consolidated Financial Statements and has not made full assessment of impairment as required Ind AS 36 - Impairment of Assets” and “Ind AS 109 - Financial Instruments” if any, as on March 31, 2022 in the carrying value of the above assets. Hence, we are unable to comment on the quantum of provision/impairment to be made on the assets appearing in the accompanying consolidated audited financial statements.
- vii) As on 31st March 2022, the parent company had given Security Deposits (short-term and long-term) amounting to ₹ 9373.28 Lakhs. Out of the said security deposits, an amount of ₹ 7,370 Lakhs was with one of the related party i.e., E-Complex Private Limited (“ECPL”) towards the land taken on lease. E-Complex Private Limited (“ECPL”) has been admitted under NCLT and undergoing CIRP Process and hence the recoverability of the same may be doubtful. Further, the recoverability of the Security Deposits deposited with Court against certain ongoing legal cases, amounting to ₹ 1,777.97 Lakhs, are subject to the outcome of the said cases.
- viii) For the period ended 31st March 2022, the company has Gross Trade Receivables for ₹ 79,580.94 Lakhs, out of which provision for doubtful debt/ECL has been created for ₹ 79,508.24 Lakhs in the previous financial years. The detailed party wise breakup of the same was not available with those charged with governance and the officials of the Parent Company. Hence, we are unable to review the party-wise listing of ₹ 79,508.24 Lakhs and accordingly necessary audit procedures couldn't be performed on the same.
- ix) In absence of bank confirmations for 35 current accounts of parent company, as required under SA 505 – External Balance Confirmation, having a book balance of ₹ 2,781.63 Lakhs as on March 31, 2022 and borrowings amounting to ₹ 17,50,517.23 Lakhs; also, non-availability of Bank account statements for 33 current accounts having a book balance of ₹ 161.81 Lakhs as on March 31, 2022, led to incomplete supporting for our audit opinion. Hence, we are unable to comment on the bank transactions as well as the closing balances as appearing in the books of accounts for the said bank balances.

- x) The Company had considered all the liabilities as appearing in the standalone financial statement and no impact of subsequent events i.e approval of resolution Plan has been considered in the consolidated financial statement for the year ended March 31, 2022.

Accordingly, our report has qualified in this matter.

- xi) With respect to a contract with Indian Navy 255/DSP/C/11-12/NOPVs (5), the Ship Building Trade Receivable from Indian Navy was ₹1,68,431.42 Lakhs as on June 30, 2020. As per the explanation and information received from the management, the Ministry of Defense has sent Show Cause Notice to the company for termination of contract against which the company has filed writ petition and stay application before the Delhi High Court on 15th February, 2020. The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the Ministry of Defense to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the Ministry of Defense in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company. Although the Ministry of Defense has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which were in advance stages of completion by outsourcing the remaining work to a PSU shipyard. However, the proposal submitted by the Company was not agreeable by Ministry of Defense. Accordingly, the contract was terminated vide letter dated September 21, 2020. In response to which, company has filed an application challenging the order in National Company Law Tribunal on October, 2020 which is pending for further hearing.

Considering the above event, the total receivables for shipbuilding contract including bank guarantee invoked by Ministry of Defense amounting to ₹ 1,68,431.42 Lakhs have been considered for the impairment testing by the management and below mentioned accounting effects has been considered under the unaudited financial results for the quarter ended June 30, 2020.

Particular	Amount (₹ in Lakhs)
Total receivable balance of NOPV contract as on June 30, 2020 before considering for the impairment testing (A)	1,68,431.42
Sub-Total (A)	1,68,431.42
1) Increase in Inventory-WIP to the extent of the actual cost incurred till March 31, 2020**	1,38,788.68
2) Reversal of the provisional liability accounted basis the calculation of contract revenue as per Ind AS 115 and AS-7	23,107.97
3) Excess Receivable balance written off (Shown under the exceptional item)	6,534.77
Sub-Total (B)	1,68,431.42

** Company had not undertaken the impairment testing of the inventory as explained in point above.

Further, in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (NOPV), we are unable to comment on the quantum of the impairment/provision to be accounted for with respect to Advance given to vendor related to NOPV and inventories relating to the said project (NOPV) in the audited consolidated financial statements for the year ended March 31, 2022.

- xii) The Company has the contract with Indian Navy for the construction of ships (CGTS and FVP) vide contract no. CGTS-AQ/0737/01 and FVP – AQ/0542/14 respectively. The Ship Building Contract receivable from CGTS and FVP were ₹ 8,991.67 lakhs and ₹ NIL respectively, as on June 30, 2020 appearing as Ship Building trade receivable under Other Current Assets. As per the explanation and information received from the management, the Ministry of Defense has sent cancellation Letters to the company for termination of contract on 14th July 2021.

Subsequent to previous year ended March 31, 2021, the Ministry of Defense has invoked the Bank Guarantees including Performance Guarantees given to them against the Advances received by the Company.

Considering the above event, the total receivables from shipbuilding contracts amounting to ₹ 8,991.67 and ₹ 0 (NIL) from CGTS and FVP respectively, have been considered for impairment testing by the management and accounting effects (as represented below) have been considered in the audited financial statements for the year ended March 31, 2021.

Amount in ₹ Lakhs

Particular	CGTS	FVP
Ship Building Contract Receivable (A)	7,599.01	NIL
Advance received from Customer	NIL	(4,017.06)
Sub-Total (A)	7,599.01	(4,017.06)
1) Increase in Inventory-WIP to the extent of the actual cost incurred till June 30, 2020	15,274.79	4,312.14
2) Advance from Customers on account of Cancellation of Contract*	(7,675.77)	(8,365.07)
3) Reversal of Profit booked on account of the Contract (Shown under the exceptional item)		35.86
Sub-Total (B)	7,599.01	(4,017.06)

*Since the Ministry of Defense has already encashed the Bank Guarantees provided against the Advances Received by Reliance Naval and Engineering Limited, the same has been recorded by the Company as financial Liability and hence liability for advance received from customer towards CGTS and FVP amounting to ₹ 16,040.84 lakhs have been reversed and shown under the exceptional item in the audited financial statements for the previous year ended March-21.

An action against this termination by way of a petition in NCLT is filed in March 2022. Pending the final decision in the matter no provision / adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above financial statements.

Further, the company had not conducted the impairment testing for the above inventory as on year ended March, 2022 for the reason as stated above and accordingly, our report is qualified to that extent.

- xiii) ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award, no provision has been made against Work in progress amounting to ₹ 5,684 Lakhs and Advance against purchase of Material/ Services and Inventories. Further, in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (OSVs), we are unable to comment on the quantum of the provision/adjustments to be accounted for with respect to Advance given to vendor related to OSVs and inventories relating to the said project (OSVs) in the audited consolidated financial statements for the year ended March 31, 2022.
- xiv) Company had not conducted physical verification of inventory as on 31st March 2022. Hence, we are unable to comment on the adequacy of physical verification process of the company.
- xv) As per Regulation 33(3)(b) of the SEBI LODR Regulations, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial statements. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the Company has prepared these financial statements on the basis of data available only for the purpose of compliance of Companies Act, 2013 and rules made thereunder. The company has not prepared the consolidated financial results for the year ended March 31, 2022, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 following exemption towards previous pending compliances, pursuant to the order of Honorable NCLT, Ahmedabad dated December 23, 2022. Further, the company has received communication from NSE vide letter dated June 13, 2024, that the company is required to comply with the regulation 33 from the Quarter ended December, 2022.

3. Material uncertainty related to Going Concern

We draw attention to Note 32 to the consolidated financial statements, which indicates that the Group has incurred a net loss of ₹ 2,08,595.51 lakhs during the year ended 31st March, 2022 and, as of that date, the Group's current liabilities exceeded its current assets by ₹ 18,75,037.97 lakhs. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

4. Emphasis of Matter Para

- i. We draw your attention to note no. 44 of the financial statements which states that there was a large-scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit the company premises at Pipavav, Gujarat during May 2021. Parent Company had not made any provision for the same in the accounts for year ended March 31, 2022.
- ii. We draw your attention to note no. 44 of the financial statements which inter alia states that the company had sold the scrap material of goods damaged due to Cyclone Tauktae, which impacted the company's premises in May 2021. The damaged goods sold as scrap, however, sales realization is not considered as revenue of the company.
- iii. We draw your attention to note no. 9 of the financial statements which state that, during the process of reconciliation, the RP team has noticed that the Banks have renewed the Company's Fixed Deposits during FY 2019-20 which were adjusted by the Company against the liabilities of the same banks on maturity dates in books of accounts. However, the said Fixed Deposits were renewed by the Bank and were not appropriated by the banks against the liability and hence, the Fixed Deposits have been restated during the quarter ended 30th June, 2021. Further bank vide email communication dated 14th July 2021, states that Fixed Deposits were adjusted against the Bank guarantee along with interest amount.
- iv. The company is irregular in payments of Statutory dues and has not filed GST Annual Return for the FY 2018-19, 2019-20, FY 2020-2021 and FY 2021-2022 and has also not conducted GST Audit for the said period.
- v. The Company has accounted certain expenses grouped under other expenses related to previous financial years.
- vi. We draw your attention on note no. 44 of accompanying audited financial statements which state that the AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues.
- vii. We draw your attention on note no. 44 of accompanying audited financial statements which inter-alia state that, company has not appointed internal auditor for the year FY 2021-22, which is in contravention of the requirement of Companies Act 2013.
- viii. We draw your attention to note no. 4 of accompanying consolidated financial statements which states that the Company has

not recognized net deferred tax assets as Company is in process to evaluate the future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defense sector as evidences.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Directors report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the branches, joint operations/ jointly controlled operations, subsidiaries, jointly controlled entities, joint ventures and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the branches, joint operations/ jointly controlled operations, subsidiaries, jointly controlled entities, joint ventures and associates, is traced from their financial statements audited by the branch auditors and other auditors.

When we read the Directors Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

6. Management's Responsibilities for the Statements

- i. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates and Jointly controlled entities/joint ventures in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
- ii. In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.
- iii. The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.
- iv. This Consolidated Financial Statement has been prepared based on the audited Standalone financial statement and the available financial statement of subsidiaries and associates for the year ended March 31, 2022.

7. Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- 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 ability of the Group and its associates and jointly controlled entities/ joint ventures 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 consolidated 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 Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls 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.

Our responsibility is to express an audit opinion on these Consolidated Financial statements. However, because of the significance of the matters described in Basis of Disclaimer of opinion above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these Consolidated Financial statements and hence we do not express an opinion on the aforesaid Consolidated Financial statements.

We are independent of the Group in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.

8. Other Matters

- i. We did not audit the financial statements of one associate whose share of Profit amounting to ₹ 44.91 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on the reports of the other auditors.
- ii. Due to non- payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.
- iii. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations.

9. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements of the associate referred to in the Other Matters section above we report, to the extent applicable that:

- a) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit of the aforesaid consolidated financial statements.

- b) The Company has maintained books of account however, due to conditions and the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account (i.e. correctness/completeness etc. of the books) as required by law have been kept by the company.
- c) The Consolidated Balance sheet, consolidated statement of profit & loss (including other comprehensive income), the consolidated statement of changes in Equity and consolidated statement of cash flows dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) Except for the matters mentioned in the Basis of Disclaimer of Opinion and Emphasis of matter para above, in our opinion, the aforesaid consolidated financial statements comply with Ind AS Specified under section 133 of the Act;
- e) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion,, may have an adverse effect on the functioning of the Group;
- f) Due to absence of information, we are unable to comment if the directors during the FY 2021-22 are disqualified as on 31st March 2022, from being appointed as a director in terms of section 164(2) of the act. However, on the basis of the written representations received from the directors Holding Company as on the date of signing of these consolidated financial statement which has been taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate company, none of the directors of the Parent Company and its associate company incorporated in India is disqualified as on the date of signing of these consolidated financial statement from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses disclaimer of opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- h) In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of associate company incorporated in India, there is no remuneration paid by the Holding Company to its directors.
- i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014 in our opinion best of our Information and according to the explanations given to us:
 - i. Due to the reasons mentioned in the Basis of Disclaimer of Opinion, we are unable to comment if the Company has disclosed the complete impact of pending litigation on its financial position in its financial statements under Note 30.1;
 - ii. Based on the representations by the Company, we have noted that Company does not have any long-term contracts including derivatives contracts for which any provision is required;
 - iii. Based on the latest available secretarial audit report and representations from the Company we noted that Company is not required to transfer amounts to the Investor Education and Protection Fund.
 - iv. (a) Due to the reasons mentioned in the disclaimer of opinion above, we are unable to comment upon whether the respective Managements of the Parent and its subsidiaries, associates, have advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds).
 - (b) Due to the reasons mentioned in the disclaimer of opinion above, we are unable to comment upon whether the respective Managements of the Holding Company and its subsidiaries, associates which are companies incorporated in India, whether any funds have been received by the Holding Company or any of such subsidiaries, associates, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Due to the reasons mentioned above, we are unable to comment whether representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Holding Company and its associate which are incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.
 - vi. Considering that this Consolidated financial statement has been prepared for the year ended March 31, 2022 and accordingly this clause pertaining to audit log will not be applicable for the Company.

For Pipara & Co LLP
Chartered Accountants
FRN: 107929W/W100219

Bhawik Madrecha
Partner
M. No: 163412
UDIN: 24163412BKCALH1575

Place: Mumbai
Date: October 10, 2024

ANNEXURE “B”**TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph (g) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We were engaged to audit the Consolidated Ind AS Financial Statement of and for the year ended March 31, 2022, and accordingly we have audited the internal financial controls with reference to Consolidated Financial Statement of Reliance Naval Engineering Limited (“the Holding Company”) and its associates, which are companies incorporated in India as of March 31, 2022.

Management’s Responsibility for Internal Financial Controls

The respective management of the Holding Company and its subsidiaries, its associates and joint ventures, which are companies incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and the Associate considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of its parent, subsidiaries and its associates which are incorporated in India. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Because of the matter described in Basis for Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Basis for Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to the Group were not made available to us to enable us to determine if the Company has established adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2022.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer Opinion paragraph above, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Group had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2022. Accordingly, we do not express an opinion on the Company’s internal financial controls over financial reporting.

For Pipara & Co LLP
Chartered Accountants
FRN No. 107929W/W100219

Bhawik Madrecha
Partner
M No.: 163412

Place: Mumbai
Date: October 10, 2024

Consolidated Balance Sheet

as at March 31, 2022

(₹ in Lakhs)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
I ASSETS			
(1) Non Current Assets			
Property, Plant and Equipment	2	1,25,503.74	1,31,863.06
Right-of-use Assets	2	7,724.07	8,760.66
Capital Work in Progress	2	3,669.00	3,669.00
		1,36,896.81	1,44,292.72
Financial Assets			
Investments	3	383.58	338.67
		383.58	338.67
Deferred Tax Assets (net)	4	-	-
Other Non Current Assets	5	7,630.93	7,630.93
		7,630.93	7,630.93
		1,44,911.32	1,52,262.32
(2) Current Assets			
Inventories	6	2,08,632.37	2,08,888.73
		2,08,632.37	2,08,888.73
Financial Assets			
Trade Receivables	7	81.09	258.01
Cash and Cash Equivalents	8	2,781.76	1,678.28
Other Bank Balances	9	-	212.77
Other Current Financials Assets	10	-	1.82
		2,862.85	2,150.88
Current Tax (net)		332.81	346.55
Other Current Assets	11	17,544.09	17,054.84
		17,876.90	17,401.39
		2,29,372.12	2,28,441.00
TOTAL ASSETS		3,74,283.44	3,80,703.32
II EQUITY AND LIABILITIES			
(1) Equity			
Share Capital	12	73,759.13	73,759.13
Other Equity	13	(18,12,748.84)	(16,04,153.33)
		(17,38,989.71)	(15,30,394.20)
(2) Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	14	1,342.79	1,233.44
Lease Liability		7,489.52	9,246.75
		8,832.31	10,480.19
Provisions	15	30.75	34.73
		30.75	34.73
		8,863.06	10,514.92
Current Liabilities			
Financial Liabilities			
Borrowings	16	2,87,284.20	2,87,284.20
Trade Payables	17		
(a) Total outstanding dues of micro and small enterprises		753.84	753.84
(b) Total outstanding dues of creditors other than micro and small enterprises		33,269.10	31,438.09
Other Current Financial Liabilities	18	17,67,589.13	15,67,122.78
		20,88,896.27	18,86,598.91
Other Current Liabilities	19	4,518.85	3,023.45
Provisions	20	10,994.97	10,960.24
		15,513.82	13,983.69
		21,04,410.09	19,00,582.60
TOTAL EQUITY AND LIABILITIES		3,74,283.44	3,80,703.32
Material Accounting Policies	1		
Notes to Financial Statements	2 to 44		

As per our report on even date
For Pipara & Co LLP
 Chartered Accountants
 Firm Reg. No. 107929W/W100219

Bhawik Madrecha
 Partner
 Membership No. 163412
 Place : Mumbai
 Date : October 10th, 2024

for and on behalf of the Board of Directors
 Reliance Naval and Engineering Limited

Mr. Nikhil Merchant
 Chairman & Managing Director
 DIN : 00614790
Mr. Rishi Chopra
 Chief Financial Officer

Place : Mumbai
 Date : October 10th, 2024

Mr. Vivek Merchant
 Director
 DIN : 06389079
Mr. Vishant Shetty
 Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from Operations	21	632.00	630.12
Other Income	22	1,107.10	2,428.03
Total Income		1,739.10	3,058.15
Expenses			
Cost of Materials Consumed	23	110.29	1,58,640.50
Cost of Raw Material Sold / Traded Goods		-	-
Changes in Inventories of Work in Progress & Scrap	24	-	(1,58,846.49)
Employee Benefits Expenses	25	479.56	769.49
Finance Costs	26	1,99,856.87	2,03,181.38
Depreciation and Amortisation Expenses	2	7,395.91	7,377.76
Other Expenses	27	2,702.56	2,434.76
Total Expenses		2,10,545.19	2,13,557.40
Loss before Exceptional Items and Tax		(2,08,806.09)	(2,10,499.25)
Impairment of Property Plant & Equipment, Intangible Assets and Capital Work in Progress	2	-	-
Loss before Exceptional Items and Tax		(2,08,806.09)	(2,10,499.25)
Exceptional Items	28		
Impairment of Fixed Assets / CWIP		-	-
Impairment of Investments in Subsidiaries & Others		-	(1,896.73)
Impairment on Cancellation of NOPV order		-	(6,534.77)
Impairment of Advances to Subsidiary Company		-	(9,616.79)
Impairment on Cancellation of CGTS and FPV order		-	(35.87)
Reversal of Advances received from Customers on encashment of the BG's		-	16,040.84
Reinstatement of Loans to claim amounts		-	(1,30,165.13)
Reversal of impairment for the debtor (Indian Navy - Refit)		165.67	-
Loss Before Tax		(2,08,640.42)	(3,42,707.70)
Tax Expense			
- Current Tax		-	-
- MAT credit entitlement		-	-
- Tax of earlier Years		-	-
- Deferred Tax Credit/ (Reversal)	5	-	-
- Income Tax for Earlier Years		-	-
Loss for the year from continued operations		(2,08,640.42)	(3,42,707.70)
Profit / (Loss) for the period from discontinued operations		-	-
Tax Expenses of discontinued operations		-	-
Profit / (Loss) for the period from discontinued operations (after tax)		-	-
Add:- Consolidated share in the profits of associate		44.91	14.64
Loss for the year after discontinued operations		(2,08,595.51)	(3,42,693.06)
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to profit and loss in subsequent year			
Exchange differences on translation of Foreign Operations		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		-	80.66
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year		-	80.66
Total Comprehensive Income for the period		(2,08,595.51)	(3,42,612.40)
(Comprising Profit/(Loss) and Other Comprehensive Income/(Loss) for the year)			
Earnings per Equity Share of ₹ 10 each	29		
- Basic (In Rupees)		(28.28)	(46.45)
- Diluted (In Rupees)		(28.28)	(46.45)
Material Accounting Policies	1		
Notes to Financial Statements	2 to 44		

**As per our report on even date
For Pipara & Co LLP**
Chartered Accountants
Firm Reg. No. 107929W/W100219

for and on behalf of the Board of Directors
Reliance Naval and Engineering Limited

Bhawik Madrecha
Partner
Membership No. 163412
Place : Mumbai
Date : October 10th, 2024

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790
Mr. Rishi Chopra
Chief Financial Officer

Mr. Vivek Merchant
Director
DIN : 06389079
Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : October 10th, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

A Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Add: Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

B Other Equity

(₹ in Lakhs)

Particulars	Reserve and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income	
As at April 01, 2020	6254.96	1,50,011.33	64,527.97	(15,12,392.95)	87.89	(12,91,510.80)
Add/(Less):						
Less : Elimination of subsidiaries *	-	-	(41,736.62)	71,705.15	1.34	29,969.87
Loss for the year	-	-	-	(3,42,693.06)	-	(3,42,693.06)
Other Comprehensive Income	-	-	-	-	80.66	80.66
As at March 31, 2021	6254.96	1,50,011.33	22,791.35	(17,83,380.86)	169.89	(16,04,153.33)
As at April 01, 2021	6254.96	1,50,011.33	22,791.35	(17,83,380.86)	169.89	(16,04,153.33)
Add/(Less):						
Loss for the year	-	-	-	(2,08,595.51)	-	(2,08,595.51)
Other Comprehensive Income	-	-	-	-	-	-
	-	-	-	(2,08,595.51)	-	(2,08,595.51)
As at March 31, 2022	6,254.96	1,50,011.33	22,791.35	(19,91,976.37)	169.89	(18,12,748.84)

* The reserves and surplus of previous year i.e. FY 2019-20 includes the reserves of all the subsidiaries and associates of the company. During the current year and previous year the data from subsidiaries were not available for consolidation, and hence the profit/(loss) of subsidiaries has not been considered in the Consolidated Financial Statements for FY 2020-21 and FY 2021-22. Since, the movement in reserves and surplus of the subsidiaries can not be quantified, the effect of reserves of subsidiaries as on March 31, 2020 has been eliminated from the Consolidated financial statement of FY 2020-21.

Note: Other Reserve includes amount pursuant to first time adoption of Ind AS 116.

As per our report on even date
For Pipara & Co LLP

 Chartered Accountants
 Firm Reg. No. 107929W/W100219

Bhawik Madrecha

 Partner
 Membership No. 163412

Place : Mumbai

Date : October 10th, 2024

for and on behalf of the Board of Directors

Reliance Naval and Engineering Limited

Mr. Nikhil Merchant

 Chairman & Managing Director
 DIN : 00614790

Mr. Rishi Chopra

Chief Financial Officer

Place : Mumbai

Date : October 10th, 2024

Mr. Vivek Merchant

 Director
 DIN : 06389079

Mr. Vishant Shetty

Company Secretary

Consolidated Cash Flow Statement

for year ended March 31, 2022

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
A Cash Flow from Operating Activities		
Net Loss before Tax	(2,08,639)	(2,12,462)
Adjustments for :-		
Depreciation and Amortisation Expenses	7,396	7,378
Exceptional Items	-	(1,30,165)
Interest Income	(22)	(51)
Finance Costs	1,99,857	2,03,181
Provision for Liquidated Damages	-	-
Provision for estimated cost over contract revenue	-	-
Provision for Non-Moving Inventory	-	-
Actuarial gains/(losses) on defined benefit plans	-	-
Cost Estimated for Revenue Recognised	-	-
Balances Written off (net)	-	-
Foreign Exchange Loss/(Gain) (net)	-	-
Operating profit/(loss) before working capital changes	(1,408)	(1,32,119)
Adjusted for		
Inventories	256	(1,59,398)
Trade and Other Receivables	(311)	1,74,218
Trade and Other Payables	2,02,176	1,88,237
Cash Used in Operations	2,00,713	70,938
Direct Taxes (Paid) / Refund	14	18
Net Cash Flow Used in Operating Activities	2,00,727	70,956
B Cash Flow from Investing Activities		
Sale of Property, Plant and Equipment and Capital Work in Progress	-	-
FD kept with bank	213	(184)
Interest Received	22	51
Net Cash Flow (used in)/from Investing Activities	235	(133)

Consolidated Cash Flow Statement

for year ended March 31, 2022

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
C Cash Flow from Financing Activities		
Increase in Borrowings	-	424
Accrued Interest	(1,99,858)	(2,03,182)
Recording of Borrowings as per claims	-	1,30,165
Payment towards Lease Liability	-	-
Impairment of Investments	-	1,897
Net Cash Flow (used in) / from Financing Activities	(1,99,858)	(70,696)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	1,104	127
Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
*Exchange Difference on Foreign Currency is ₹ 86 in current year and ₹ 28,861 in previous year.		
Cash and Cash Equivalents - Opening balance	1,678	1,564
Less: Elimination of subsidiaries		(13)
Cash and Cash Equivalents - Closing balance	2,782	1,678

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - Cash Flow Statement
- Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.
- As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

As per our report on even date
For Pipara & Co LLP

 Chartered Accountants
 Firm Reg. No. 107929W/W100219

Bhawik Madrecha

 Partner
 Membership No. 163412

Place : Mumbai

Date : October 10th, 2024

for and on behalf of the Board of Directors

Reliance Naval and Engineering Limited

Mr. Nikhil Merchant

 Chairman & Managing Director
 DIN : 00614790

Mr. Rishi Chopra

Chief Financial Officer

Place : Mumbai

Date : October 10th, 2024

Mr. Vivek Merchant

 Director
 DIN : 06389079

Mr. Vishant Shetty

Company Secretary

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 1

Statement of Material Accounting Policies

General Information

The consolidated financial statements comprise financial statements of Reliance Naval and Engineering Limited ('RNEL' or the 'Company') and its subsidiaries & associates (collectively, the Group) for the year ended March 31, 2022. The Company is limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Uchhaiya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Group is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. Group has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Group is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels(NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

On September 4th, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company"). The NCLT, vide its order dated January 15th, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also recorded the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13th, 2020, the Committee of Creditors (the "CoC") had replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT had approved the appointment of RP vide its order dated May 5th, 2020. Under the IBC proceedings during the CIRP tenure the powers of the board have been suspended with effect from January 15, 2020. And in such tenure the powers of the Board of Directors were to be exercised by the RP. The RP, in the capacity of an authorized person, prepared the standalone financial statements during the CIRP tenure. The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant "RA") in the CIRP of the Company was approved by the members of the CoC in their meeting, was approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) on December 23rd, 2022. With the approval of the Resolution Plan, the CIRP of the Company has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from December 23rd, 2022. Further, as per the terms of the approved Resolution Plan, a monitoring committee ("MC") was constituted (to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company to be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan). The monitoring committee was constituted of 5 (five) members: (a) 2 (two) members identified and appointed by the Resolution Applicant; (b) 2 (two) representatives identified and appointed by the Financial Creditors; and (c) 5th (fifth) member an independent insolvency professional.

In line with approved resolution plan the Successful Resolution Applicant ("SRA") has deposited upfront payment tranches on October 27th, 2023, as per the approved Resolution Plan and the same has been received in the designated bank account of the Company.

By January 4th, 2024, the majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4th, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company.

The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.

As per the sanctioned resolution plan, an upfront payment of ₹ 200 Crore was to be made by SRA by March 23rd, 2023. SRA had taken approval from NCLT for an extension till November 15th, 2023 for depositing the same. The actual deposit was done on October 27th, 2023.

And further, the first tranche of deferred payment of ₹ 312 Crore was to be made by SRA by December 23rd, 2023. The SRA has taken approval of NCLT for an extension of one year to pay the first tranche. Accordingly, the first tranche will become due on December 23rd, 2024, which has been paid on August 07, 2024.

This consolidated financial statements are prepared based on standalone financials statements which were approved on December 16th, 2022 by the resolution professional and submitted to the stock exchanges. No impact of any subsequent events from the date of adoption of Standalone Financial Statements for the year ended March 31, 2022 till the date of signing of this consolidated financials has been considered in this financials statements.

On the date of the signing of the Standalone financial statements by the resolution professional for the year ended March 31, 2022, the information related to financial statements of the subsidiaries and associate company were not available. Subsequently, the new management has taken efforts to obtain the financial information of subsidiaries and associate companies, against which the new management has been able to obtain the financial statement of only associate company (i.e., Conceptia Software Technologies Pvt Ltd)

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

and, accordingly prepared the consolidated financial statement on the basis of data available only for the purpose of compliance of Companies Act, 2013 and rules made thereunder. While signing of the standalone financial statement for the year ended March 31, 2022, the position of the Company Secretary and Chief Financial Officer were vacate, therefore financial statement were signed by Resolution professional. As on date of signing of consolidated financial statement the Company Secretary and Chief Financial Officer are on board and consolidated financial statement are signed by them.

Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation of Consolidated Financial Statements:

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] on accrual basis and other relevant provisions of the Act. The Consolidated Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

1.2 Historical Cost Convention:

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS;
- ii Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- iii Defined benefit plans - plan assets measured at fair value; and
- iv Assets held for sale – measured at fair value less cost to sell.

1.3 Principles of Consolidation:

The Consolidated Financial Statements relate to the Reliance Naval and Engineering Limited ('the Company') and its subsidiary companies & associate company of whose financial details are available. The Consolidated Financial Statements have been prepared on the following basis:

- i. The consolidated financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra - group balances and intra - group transactions in accordance with Ind AS 110 "Consolidated Financial Statements".
- ii. Subsidiaries are the entities controlled by the Company. The Company controls a Company when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.
- iii. In case of a foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. The resultant translation exchange differences have been transferred to foreign currency translation reserves through other comprehensive income.
- iv. **Non - Controlling Interests (NCI):**
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
- v. **Transactions eliminated on consolidation:**
Intra - group balances and transactions and any unrealised income and expenses arising from intra-group transactions, net of deferred taxes, are not being eliminated on account of absence of the financial information of the subsidiaries.
- vi. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- vii. Investments in Associate Company have been accounted under the equity method as per Ind AS 28 "Investments in Associates and Joint Ventures".

1.4 Functional and Presentation Currency:

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the functional currency for the Company.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

1.5 Use of Estimates:

The preparation of Consolidated Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised and if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets:

The assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

v. Discounting of long - term financial liabilities:

All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

vi. Determining whether an arrangement contains a lease:

At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Fair value of financial instruments:

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. Revenue recognition:

Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from Contracts with Customers'. The estimates are revised periodically.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

1.6 Current Versus Non Current Classification:

i. The assets and liabilities in the Balance Sheet are based on current / non - current classification. An asset is current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or
- 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

ii. A liability is current when it is:

- 1 Expected to be settled in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Due to be settled within twelve months after the reporting period, or
- 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

1.7 Other Accounting Policies:

I Property, Plant and Equipments:

- i. The Group has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Group has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost.
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax /goods and service tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use are capitalised as part of total cost of assets.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II Depreciation:

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50/47
Offshore Yard	50/48
Site development	32 to 37
Roads, Culverts & Bridge	25
Wall	20
Heavy Fabrication Area	14
SAP/ Technical Know How	10
Vehicles & excavator	8
Toilet Block	7
Computers and accessories	6
Office equipments	5/4
Mobile Phones	3/2
Spare parts	1

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

- ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III Borrowing Costs:

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

IV Intangible Assets:

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 - 10 years.

V Fair Value Measurement:

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an assets or liability is measured using the assumptions that market participants would use when pricing the assets or liability, acting in their best economic interest. The fair value of plant and equipments as at transition date to Ind AS have been taken based on valuation performed by an independent technical expert. The Group used valuation techniques which were appropriate in circumstances and for which sufficient data were available considering the expected loss/profit in case of financial assets or liabilities.

VI Inventories:

- i. Raw Materials, Stores and Spares, Work – in - Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 - Leases:

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

VIII Government Subsidy:

- i. Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
- ii. Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

- iii Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.
- iii. Non monetary foreign currency items are carried at historical cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability or equity instrument of another company.

Financial Assets:

i Classification:

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

ii Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

iii Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables.

iv Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi Investment in Subsidiaries and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

vii Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from other comprehensive income to profit or loss.

viii Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. Debt instruments included with in the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

ix Derecognition of Financial Assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

x Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not valued through Statement of Profit and Loss.

Financial Liabilities:

i Classification:

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

ii Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

iii Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchase in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

iv Loans and Borrowings:

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

v Derecognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

vi Derivative Financial Instrument and Hedge Accounting:

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. 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.

XI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans:

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

iii. Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement is recognised in Statement of Profit and Loss in the period in which they arise.

XII Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current tax assets and liabilities are offset only if, the Group:

- 1 has a legally enforceable right to set off the recognised amounts; and
- 2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rate and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- 1 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives 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 Group estimates the recoverable amount of the cash - generating unit to which the asset belongs.

XIV Warranty Provision:

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XV Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

XVI Earnings per share:

- i Basic earnings per share: Basic earnings per share is calculated by dividing:**
- 1 the profit attributable to owners of the Group;
 - 2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.
- ii Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:**
- 1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
 - 2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

XVII Subsidiary and Associate Companies:

a Subsidiary Companies (Not considered in the Consolidated Financial Statements)

Name of the Subsidiary	Status	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited (ECPL)	Under CIRP	India	100%
RMOL Marine and Offshore Limited (RMOL) <i>(formerly Reliance Marine and Offshore Limited)</i>	Under Liquidation	India	100%
PDOC Pte. Ltd.	Active	Singapore	100%
REDS Marine Services Limited <i>(formerly Reliance Engineering and Defence Services Limited)</i>	Under Liquidation	India	100%
Reliance Technologies and Systems Private Limited	Active	India	100%

Note - The Financial Information along with the Audited Financial Statements for the year ending March 31, 2022, is not accessible or not available with the parent company.

b Associate Company (Considered in the Consolidated Financial Statements)

Name of the Associate	Country of Incorporation and place of business	Proportion of Ownership Interest
Conceptia Software Technologies Private Limited <i>(The Company is engaged in the business of Software Design)</i>	India	25.50%

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 2 A Property, Plant and Equipments

Depreciation of Assets	Owned Assets					Leased Assets			Intangible Assets		Total
	Land and Site Development	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
I Gross Carrying Amount											
As at April 01, 2021	50,209.58	-	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	50,209.58	-	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2021	17,009.16	-	1,12,306.95	709.66	848.43	491.76	1,31,365.96	2,073.18	16,305.74	917.24	1,50,662.12
Additions during the year	1,259.20	-	4,767.59	3.22	2.65	20.85	6,053.51	1,036.59	305.81	-	7,395.91
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	18,268.36	-	1,17,074.54	712.88	851.08	512.61	1,37,419.47	3,109.77	16,611.55	917.24	1,58,058.03
b Impairment											
As at April 01, 2021	8,001.65	-	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	8,001.65	-	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
III Net Carrying Amount as at 31.03.2022	23,939.57	-	94,734.60	24.81	27.30	69.99	1,18,796.27	7,724.07	6,707.47	-	1,33,227.81
IV PPE retired from active use and held for disposal	599	-	2,18,867	608	901	338	2,21,313	-	-	10,730	2,32,043
Previous Financial Year											
I Gross Carrying Amount											
As at April 01, 2020	49,073.00	-	5,21,878.44	971.60	1,095.45	638.19	6,28,793.80	2,203.01	48,448.78	10,730.31	6,90,175.90
Elimination of Subsidiaries	49,073.00	-	7,949.18	80.83	74.06	-	62,104.61	(8,630.83)	-	-	53,473.78
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	-	-	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

2.3 Capital Work in Progress (net of impairment) includes:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
- Assets under construction and installation	3,669.00	3,669.00
- Preoperative expenses	-	-

2.4 Capital-Work-in Progress (CWIP) disclosure as per notification issued by Ministry Of Corporate Affairs :

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	3,669.00	3,669.00

2.4 Impairment of Property Plant & Equipment, Intangible Assets and Capital Work in Progress:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Property Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in Progress	-	-
Total	-	-

In accordance with the Ind AS 36 on "Impairment of Assets", Capital Work-in-Progress were not tested for impairment during the year. During the previous year ended March 31, 2020, the Company had recognised an impairment charge of ₹ 6,608.21 lakhs in respect of Capital Work -in-Progress. The impairment recognised is included under exceptional items in the statement of profit and loss.

Note - 3

Investments

(₹ in Lakhs)

Particulars	% of holding	Face Value	Numbers		As at	As at
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Long Term Trade Investments (Unquoted and fully paid up) - Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited (refer note no. 3.3)	100%	₹ 10	2,17,09,327.00	2,17,09,327.00	1,896.73	1,896.73
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited)	100%	₹ 10	50,000.00	50,000.00	5.00	5.00
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50%	₹ 10	1,40,000.00	1,40,000.00	14.00	14.00
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services Limited)	100%	₹ 10	50,000.00	50,000.00	5.00	5.00
Reliance Technologies and Systems Private Limited	100%	₹ 10	10,000.00	10,000.00	1.00	1.00
PDOC Pte. Limited (Incorporated and place of business at Singapore)	100%	SGD 1	25,000.00	25,000.00	11.74	11.74
					1,933.47	1,933.47

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	% of holding	Face Value	Numbers		As at	As at
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200.00	1,12,200.00	383.58	338.67
			1,12,200.00	1,12,200.00	383.58	338.67
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)					0.05	0.05
Less - Impairment of Investments					1,933.52	1,933.52
Total					383.58	338.67

3.1 As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

3.2 Aggregate amount of Non Current Investments.

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	383.58	-	338.67	-
Total	383.58	-	338.67	-

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company.

3.4 The Group has impaired investments, Interest Receivables, Loans & Advances in subsidiaries considering the following indicators; Subsidiaries have consistently incurred losses over the years and thereby Net Worth has fully eroded. There is no existing operating business being carried out in these subsidiaries because of changes in market, economic and legal environment conditions. These significant changes in working conditions are impacting the current business of the subsidiaries.

3.5 During the Financial Year 2019 - 2020 (before the commencement of CIRP), Reliance Underwater Systems Private Limited (RUSPL) ceased to be subsidiary and also associate company of Reliance Naval and Engineering Limited, by virtue of allotment of additional equity shares (49.99%) to Reliance Corporate Advisory Services Limited, and assigning the voting rights to Reliance Capital Limited.

3.6 During the year 2019 - 2020, RMOL Engineering and Offshore Limited, a wholly owned subsidiary of the Company has been admitted for CIRP by the NCLT, Ahmedabad Bench and appointed Interim Resolution Professional (IRP). During the year 2020 - 2021, E-Complex Private Limited and REDS Marine Services Limited, wholly owned subsidiaries of the Company have been admitted for CIRP by the NCLT, Ahmedabad Bench. Further the RP(s) have been appointed. The CIRP process was in progress at the time of signing off the Standalone financial statement. In view of this the investment of the Company in ECPL (₹: 1,896.73 lakhs) has been impaired during the previous year FY 2020-21, while the investments in other subsidiaries had been impaired in earlier years.

3.7 The accompanying audited consolidated financial results includes audited financial results and other financial information in respect of associate i.e. Conceptia Software Technologies Private Limited.

The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the Company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, associate company, as mentioned above. And the following subsidiaries are not considered in consolidation of financials statement.

Sr no.	Name of the Company	Nature of Entity	Current Status
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP
2	RMOL Engineering and Offshore Limited	Wholly Owned Subsidiary	Under Liquidation
3	REDS Marine Services Limited	Wholly Owned Subsidiary	Under Liquidation
4	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
5	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active

The Information in terms of their current status is not accessible or not available with the company.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 4
Deferred Tax Liabilities/(Assets) (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	90,839.53	1,18,413.56
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	47,967.64	45,725.39
Disallowance in income tax	-	-
Depreciation losses	(19,721.32)	(18,378.92)
Business losses	-	-
Fair Valuation of Financials Liability	-	227.56
	28,246.32	27,574.03
Other Comprehensive Income		
Related to Employee benefits	-	-
Deferred Tax not to be Considered (Refer Note 4.2)	62,593.21	90,839.53
Closing Balance	-	-

4.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Group has incurred loss during the year ended March 31, 2021 and previous year, no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence not given.

4.2 The standalone financial statements were prepared by the Resolution Professional during the CIRP period. As outlined in the general information, the consolidated financial statements have been prepared by the new management. To maintain consistency in reporting, the company has not recognized deferred tax assets, despite having a positive outlook for profitability in the coming years.

Note - 5
Other Non Current Assets
(Unsecured and considered good)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits with		
Related Parties (Refer note no. 36)	7,370.00	7,370.00
Others	260.93	260.93
Total	7,630.93	7,630.93

5.1 As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Note - 6
Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials	39,862.69	39,961.68
Raw Materials in Transit	-	-
Work in Progress	1,68,038.94	1,68,038.94
Stores and Spares	730.74	888.11
Total	2,08,632.37	2,08,888.73

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

- 6.1** Refer note no. 1.7(VI) for basis of valuation.
- 6.2** All the Inventories of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 16 to the financial statements.
- 6.3** An amount of ₹ Nil lakhs (Previous Year ₹ 11,015 lakhs) has been provided during the year on account of Provision in Diminution in the value of inventories.
- 6.4** An amount of ₹ 158,846.49 lakhs is included in Work in Progress on cancellation of Orders of NOPV, CGTS and FPV, pending outcome of the representation made to the customers / legal action taken by us.
- 6.5** As on March 31, 2020, the Company has shipbuilding contracts receivables of ₹ 173,960. lakhs, including invocation of the bank guarantees amounting to ₹ 93,739 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has received a Show Cause Notice from the Ministry of Defence for termination of aforesaid Contract. In response to the Notice, The Company replied to the notice and also filed a writ petition along with stay application before the Delhi High Court on February 15, 2020.

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company.

Although the MOD has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlining how it can complete two of the five NOPVs (NS001 and NS002) which are in advance stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/Services and inventories has been made in the financial statement, which has been qualified by the auditors in their audit report.

- 6.6** In July 2021, the contracts for FPV and CGTS have been cancelled and the Bank Guarantees invoked. The Company has made representation to the customers and also taken up the matter with the NCLT. Pending outcome of the actions taken by the Company the amounts appearing under shipbuilding receivables have been impaired and value of ships under construction have been grouped under work in progress.

Note - 7

Trade Receivables

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables Considered Good - Unsecured (Less than 180 days)	8.39	138.01
Trade Receivables Considered Good - Unsecured (More than 180 days)	72.70	120.00
Trade Receivables Credit Impaired	79,508.24	79,673.91
	79,580.94	79,793.91
Less: Provision for Credit Impaired	79,508.24	79,673.91
	72.70	120.00
Total	81.09	258.01

- 7.1** Trade Receivables are non - interest bearing and receivable in normal operating cycle.
- 7.2** Trade receivable disclosure as on 31st March 2022 as per notification issued by Ministry Of Corporate Affairs.
- 7.3** As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables-considered good	8.39	72.69	-	-	-	81.08
Undisputed Trade Receivables-Considered Doubtful	-	-	-	-	79,508.24	79,508.24
Provision	-	-	-	-	(79,508.24)	(79,508.24)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total	8.39	72.69	-	-	-	81.08

Note - 8

Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Balances with Banks in Current Accounts	2,781.63	1,678.15
Cash on hand	0.13	0.13
Total	2,781.76	1,678.28

Note - 9

Other Bank Balances

(₹ in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Fixed Deposits with Banks held as Margin Money	-	212.77
Total	-	212.77

9.1 On 14th July 2021 Fixed Deposit with PS bank IDBI bank has been adjusted against the Bank guarantee as per the bank communication. The same has been adjusted along with interest against their loan amount.

Note - 10

Other Current Financials Assets

(Unsecured & considered good)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31,2021
Interest Receivable	-	1.82
Other Advances	-	-
Advances to Subsidiary / Company Group Companies	-	-
Add: Guarantee Obligation for Subsidiary Company	-	9,616.79
	-	9,616.79
Less: Provision for impairment	-	(9,616.79)
	-	-
Total	-	1.82

10.1 Refer Note no. 3.4 for Impairment on Loans and Advances pertaining to Subsidiaries. During the year the additional amount claimed against the Corporate Guarantee given for one of the Subsidiaries amounting to ₹ 9,616.79 lakhs recoverable from the Subsidiary is written off.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

10.2 As disclosed in the “General Information” in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Note - 11

Other Current Assets

(Unsecured & considered good)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Security Deposits	1,742.35	1,742.35
Prepaid Expenses	371.51	3.28
Goods and Service Tax / Cenvat / VAT recoverable	948.35	946.95
Receivables pertaining to other income	76.38	-
Advance against purchase of material / services	13,664.93	13,621.69
Shipbuilding Contracts Receivables	1,73,959.62	1,73,959.62
Less: Shipbuilding Contracts Receivables - Impaired	1,73,219.05	(1,73,219.05)
Total	17,544.09	17,054.84

11.1 Shipbuilding Contract Receivables for NOPV, CGTS and FPV have been impaired on account of cancellation order by Ministry of Defence, pending outcome of the representation made to the customers / legal action taken by us. Refer Note 6.4, 6.5 and 6.6.

11.2 Charge is created on the current assets as under:

- first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.

Note - 12

Share Capital

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Authorised		
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	11,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/- each	4,00,000.00	4,00,000.00
	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
737,591,263 (Previous Year: 737,591,263) Equity Shares of ₹ 10/- each fully paid up	73,759.13	73,759.13
Total	73,759.13	73,759.13

12.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	(₹ in Lakhs)			
	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Add: Issued during the year on part conversion of debts	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

12.2 Shareholders holding more than 5% Shares in the Company:

Shares held by	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence Systems Private Limited	-	0.00%	-	0.00%
Vistra ITCL India Limited (on behalf of lenders)	14,51,04,995	19.67%	14,51,04,995	19.67%
Life Insurance Corporation of India	5,84,65,899	7.93%	5,84,65,899	7.93%
IL and FS Maritime Infrastructure Company Limited *	-	0.00%	3,63,49,464	4.93%
IL and FS Financial Services Limited *	-	0.00%	3,67,08,395	4.98%

* Less than 5% as at March 31, 2022

12.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity share holders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

12.4 Promoter & Promoter Group holding as on 31st March 2021 and 31st March 2022 is NIL.

Note: Please refer to Note 3.7 for detailed information regarding subsidiary and associate companies

Note - 13

Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve		
Opening Balance	6,254.96	6,254.96
Additions during the year	-	-
	6,254.96	6,254.96
Securities Premium Account		
Opening Balance	1,50,011.33	1,50,011.33
Add :- On Issue of Shares	-	-
	1,50,011.33	1,50,011.33
Other Reserve		
Opening Balance	22,791.35	64,527.97
Less : Share of subsidiaries	-	(41,736.62)
Additions during the year	-	-
	22,791.35	22,791.35
Retained Earnings		
Opening Balance	(17,83,380.86)	(15,12,392.95)
Less : Share of subsidiaries	-	71,705.15
Add:- Profit(loss) for the year as per profit or loss statement	(2,08,595.51)	(3,42,693.06)
	(19,91,976.37)	(17,83,380.86)
Other Comprehensive Income		
Opening Balance	169.89	87.89
Less : Share of subsidiaries	-	1.34
Add: Movement During the year (net)	-	80.66
	169.89	169.89
Total	(18,12,748.84)	(16,04,153.33)

Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit and loss is recognised as a part of retained earnings with separate disclosure of such items along with relevant amounts in the Note 25.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Nature and Purpose of Reserves :

Capital Reserve: This Reserve was created at the time of forfeiture of amounts received against convertible share warrants in the financial year 2011 - 12. It shall be utilised in accordance with the provisions of the Companies Act, 2013 (the Act), therefore not available for distribution of dividend.

Securities Premium Account: This Reserve was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Act.

Other Reserves: Other Reserve was created pursuant to first time adoption of Ind AS as at April 01, 2015. and not available for distribution as dividend.

As explained in "Statement in changes in Equity", the reserves of subsidiaries have been eliminated.

Please refer to Note 3.7 for detailed information regarding subsidiary and associate companies.

Note - 14

Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Preference Shares		
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up	1,342.79	1,233.44
Secured Loans		
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹ 100 each (refer note No 14.2)	-	-
Vehicle Loans		
	-	-
Total	1,342.79	1,233.44

14.1 Compulsorily Redeemable Preference Shares:

- 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company. No Dividend has been declared and paid.
- As at March 31, 2022 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).
- Reconciliation of Preference Shares outstanding at the beginning and at the end of the year

(₹ in Lakhs)				
Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Shares at the beginning of the year	4,22,45,764.00	4,224.58	4,22,45,764.00	4,224.58
Add: Shares Issued during the year on preferential basis *	-	-	-	-
Shares at the end of the year	4,22,45,764.00	4,224.58	4,22,45,764.00	4,224.58

* Accounted on Fair Value. Refer note no 33

14.2 Non Convertible Debentures (NCD):

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders have a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the year 2017-18, the Company had paid one time cost towards right of recompense payable through issuance of Non Convertible Debentures. Accordingly ₹ 16,239.65 lakhs was charged to Statement of Profit or Loss and shown as "Exceptional Items" and ₹ 7,989.09 lakhs had been capitalised as borrowing cost in earlier year. Other terms and conditions are given below:

These NCDs having coupon rate of 9.50% and Face value of ₹ 100 each are repayable in 49 quarterly structured instalments commencing from March 2019 and ending on March 2031. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during the

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

year 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (RoR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void ab-initio and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the Company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.

The NCDs are to be secured by way of first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future, second pari-passu charge on all current assets and first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited.

Since NCD's are infructuous in nature itself, thereby no provision is required to be created for Debenture Redemption Reserve.

Financial Creditors having claimed the NCD amount as a part of their claim the amount of NCD is transferred to loan account.

14.3 The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. However the banks have recalled all their loans and dues.

14.4 Secured Term loans are secured as under:

- i) first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- ii) first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
- iii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.
- iv) by way of pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

14.5 Vehicle Loans are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated instalments (including interest) as per repayment schedule starting from July 01, 2012 to March 15, 2021, which have partially remained unpaid from October 2017

14.6 All the long term loans with the interest due thereon are grouped under Current Maturities note no 18.

Note - 15

Provisions

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits (refer note no 25.1)	30.75	34.73
Total	30.75	34.73

Note - 16

Short Term Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	-	-

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured Loans		
Banks	-	-
Body Corporates	2,87,284.20	2,87,284.20
	2,87,284.20	2,87,284.20
Total	2,87,284.20	2,87,284.20

16.1 The above working capital loans from banks secured by way of:

- First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

16.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 21,709,327 equity shares of E Complex Private Limited held by the Company.

16.3 During the previous year the lenders have recalled all the loans and have invoked the equity shares of the Company pledged and guarantees available with them.

Note - 17

Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Micro and Small Enterprises	753.84	753.84
Others	33,269.10	31,438.09
Total	34,022.94	32,191.93

17.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount remaining unpaid	753.84	753.84
Interest due thereon	1,269.16	1,003.78
Interest paid by the Company in terms of Section 16 along with principal payments made	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	1,269.16	1,003.78
Interest remaining due and payable even in succeeding years	1,269.16	1,003.78

17.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

17.3 As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

17.4 Trade payable disclosure as per notification issued by Ministry of Corporate Affairs.

Particulars	Creditor				Total
	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	0.60	0.29	23.55	729.40	753.84
Others	4,619.20	2,179.85	1,385.88	25,084.17	33,269.10
Disputed dues- MSME	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-
Total	4,619.80	2,180.14	1,409.43	25,813.57	34,022.94

Note - 18

Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Maturities of Long Term Debts	12,45,663.94	12,45,496.36
Interest accrued and due on borrowings	5,04,818.51	3,07,110.61
Interest accrued but not due on borrowings	57.61	12.10
Lease Liability	1,834.39	648.27
Finance Guarantee Obligation	-	-
Creditors for Capital Goods	3,915.60	3,916.01
Statutory Dues	704.93	688.54
Other Payables *	10,594.15	9,264.86
Total	17,67,589.13	15,67,136.75

* Other payable includes an amount of ₹ 16.43 Lacs, which is on account of receipt of scrap sale. As the insurance claim has been filled against the damaged inventory and fixed assets, which is in the process of verification and hence the said amount is disclosed as payable towards the insurance company. Further Company is not in a position to identify the specific book value of these scarp assets and hence no impact is given in the respective assets.

* Includes a refundable security deposit of ₹ 5,00,00,000 received from the prospective resolution applicant. Also Includes amount payables to employees and provision for expenses.

18.1 The Company had issued a corporate guarantee for loan availed by RMOL Engineering and Offshore Limited (formerly known as Reliance Marine and Offshore Limited) ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the previous year, IFCI had recalled loan on May 29, 2017, and invoked corporate guarantee given by Company on June 6, 2017 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 had requested the lender to liquidate the securities available with them and has offered to settle the balance amount through promoters' support. The petition has been admitted by the NCLT. Considering the current position of RMOL and admission of petition filed by lenders in NCLT, the Company has provided for the liability under current maturities of long term debt as claim for ₹ 25,648.89 lakhs has been preferred by lenders and has been admitted by RP in CIRP.

18.2 Interest on Interim finance during CIRP period is considered as Interest accrued but not due.

18.3 The amount of outstanding loans called by the bank along with the interest upto 15.01.2020 is as under:

(₹ in Lakhs)

Sr No	Particulars	Amount
1	Bank of Baroda (Dena Bank)	52,782.47
2	Bank of Baroda (Vijaya Bank)	35,128.38
3	Bank of India	51,445.80

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Sr No	Particulars	Amount
4	Bank of Maharashtra	11,014.95
5	Central Bank of India	72,522.06
6	EXIM	78,706.88
7	HUDCO	21,478.32
8	IDBI Bank	1,37,662.22
9	IFCI	52,821.95
10	IFCI UK	29,816.05
11	IL & FS	813.43
12	Jammu and Kashmir Bank	32,628.51
13	Karnataka Bank Limited	3,876.81
14	Karur Vysya Bank	4,136.99
15	Life Insurance Corporation of India	10,889.95
16	Punjab and Sind Bank	37,664.82
17	Punjab National Bank	68,083.21
18	Punjab National Bank (Oriental Bank of Commerce)	54,354.45
19	State Bank of India	1,96,500.45
20	UCO Bank	46,855.14
21	Union Bank of India	1,55,534.40
22	Union Bank of India (Corporation Bank)	31,978.30
23	United Bank of India	58,237.72

Note - 19

Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from Customers	4,518.84	3,023.45
Total	4,518.84	3,023.45

Note : Due to the Tauktae Cyclone in May 2021, certain items of inventory and fixed assets were impacted severely at Companies yard. Subsequently management had decided to sell the scrap/damaged assets to a third party. Accordingly, Company had conducted a process for scarp sale with due-approval of CoC and the insurance company and finalized a buyer from whom advance of ₹ 1,557 Lacs has been received till March 31, 2022 forming a part of Advance from Customer. Buyer had taken the identified assets in the subsequent period and accordingly impact of the same is given in the subsequent period.

Note - 20

Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
For Employee Benefits (Refer note no 25.1)	289.93	255.20
For Expenses	34,265.76	34,265.76
Other Provisions (Refer note no 20.1)	23,560.72	(23,560.72)
Less: Estimated Liability for Outstanding Claims	10,705.04	10,705.04
	10,705.04	10,705.04
Total	10,994.97	10,960.24

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

20.1 The Company has recognised liabilities based on substantial degree of estimation for provision for liquidated damages, warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

(₹ in Lakhs)				
Particulars	Provision for Liquidated Damages	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2021	9,024.62	78.87	1,601.55	-
Add: Provision made for the year ended March 2022	-	-	-	-
Less: Amount Incurred and charged against the opening balance	-	-	-	-
Balance as at March 31, 2022	9,024.62	78.87	1,601.55	-

Note - 21

Revenue from Operations

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Ship Building	-	-
Repairs and Fabrication	632.00	618.08
Sale of Surplus Material	-	7.74
Other Operating Revenue		
Sale of Scraps	-	4.30
	632.00	630.12
Total	632.00	630.12

Refer note no 40 for IND AS 115 - Revenue from Contracts and Customers.

Note - 22

Other Income

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income	21.79	51.17
Dividend on Current Investments / from Associates	-	701.11
Subsidy Received	-	1,515.68
Miscellaneous Income	1,085.31	160.07
Total	1,107.10	2,428.03

The above rental income includes a provisional income of ₹ 10,00,000/- on which GST is not accounted for and paid.

Note - 23

Cost of Materials Consumed

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Steel Plates and Profiles	0.60	8.68
Equipment and Components	109.69	1,58,631.82
Total	110.29	1,58,640.50

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 24

Changes in Inventories of Work - in - Progress and Scrap

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At the end of the year		
Scrap	-	-
Work in progress	1,68,038.94	1,68,038.94
	1,68,038.94	1,68,038.94
Less :- At the beginning of the year		
Scrap	-	-
Work in progress	1,68,038.94	9,192.45
	1,68,038.94	9,192.45
Changes in Inventories	-	(1,58,846.49)

Note :

In respect of contract for supply of Offshore Support Vessels (OSVs), the customer i.e. Oil and Natural Gas Corporation of India (ONGC), has terminated the contract during the year 2018 - 2019 and invoked the performance and other bank guarantees given against the said contract. The Company has challenged the said action of ONGC by invoking arbitration in terms of the contract and hopeful of the positive outcome. However looking at the overall circumstances, the Company has valued the receivables from the contract at their fair market value and considered the same as work in progress.

The contracts for NOPV, FPV and CGTS have also been cancelled and the Bank Guarantees invoked, accordingly the amounts appearing under shipbuilding receivables have been impaired and value of ships under construction have been grouped under work in progress.

Note - 25

Employee Benefits Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Allowances	455.41	734.74
Contribution to Provident and Other Funds	24.15	33.82
Staff Welfare Expenses	-	0.93
Total	479.56	769.49

25.1 Employee Benefits

As per Ind AS 19 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Employers Contribution to Provident Fund	13.42	18.68
Employers Contribution to Pension Fund	10.73	15.14
Total	24.15	33.82

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Gratuity (Funded)

i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Defined Benefit Obligation at beginning of the year	95.95	179.86
Current Service Cost	5.35	22.51
Past Service Cost	-	-
Current Interest Cost	3.17	10.43
Actuarial (Gain) / Loss	(29.55)	(116.85)
Benefits paid / reversed	-	-
Defined Benefit Obligation at end of the year	74.92	95.95

ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Fair Value of Plan Assets at the beginning of the year	105.10	99.20
Expected Return on Plan Assets	4.11	5.90
Actuarial Gain / (Loss)	7.16	-
Fair Value of the Assets at the end of the year	116.37	105.10

iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Fair Value of Plan Assets at the end of the year	116.37	105.10
Present Value of Defined Benefit Obligation at end of the year	74.92	95.95
Liabilities / (Assets) recognised in the Balance Sheet	(41.45)	(9.15)

iv) Expenses recognised during the year:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Current & Past Service Cost	5.35	22.51
Interest Cost	3.17	10.43
Expected Return on Plan Assets	(4.11)	(5.90)
Net Cost Recognised in profit or loss	4.41	27.04
Actuarial (Gain) / Loss recognised in other comprehensive income	(29.55)	(116.85)

v) Assumptions used to determine the defined benefit obligations:

(₹ in Lakhs)		
Particulars	March 31, 2022	March 31, 2021
Mortality Table (LIC)	(2012-14 ultimate)	
Discount Rate (p.a.)	5.22%	3.91%
Estimated Rate of Return on Plan Asset	5.22%	3.91%
Expected Rate of increase in Salary (p.a.)	0.00%	0.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

vi) Sensitivity Analysis:

(₹ in Lakhs)

Particulars	Effect on Gratuity Obligation Increase/ (Decrease)	
	March 31, 2022	March 31, 2021
Defined Benefit Obligation - Discount Rate + 100 basis points	(1.40)	(1.91)
Defined Benefit Obligation - Discount Rate - 100 basis points	1.48	2.00
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	1.87	2.52
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(1.81)	-
Defined Benefit Obligation - Withdrawal Rate - 25% increase	1.30	1.17
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	(2.09)	(1.95)

The above sensitivity analysis is based on an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the Balance Sheet.

vii) Risk Exposure :

- 1 Investment Risk: The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.
- 2 Interest Risk: A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan debt investment.
- 3 Liquidity Risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- 4 Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

viii) Details of Asset-Liability Matching Strategy: Gratuity benefits liabilities of the Group are funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Group to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

ix) The expected payments towards to the gratuity in future years:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
0 to 1 Year	53.35	53.35
2-5 Years	40.44	55.91
More than 5 Years	9.12	12.24

The average duration of the defined benefit plan obligation at the end of reporting period is 10 years (Previous Year: 8 years).

b) Leave Encashment (Unfunded)

During the previous year Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

Consequently as there is no liability towards the leave encashment actuarial valuation has not been carried out.

Note : Above details are captured from the Actuarial report. The company had certain gratuity liability Pre-CIRP and also making certain provision for the Post-CIRP basis the calculation done by HR department of the company.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

As per the actuarial valuation report there is net assets position. However, company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity and leave encashment in note no. 20 will not match with above disclosure.

Note - 26

Finance Costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expenses	1,99,684.13	2,03,091.63
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	172.74	89.75
Total	1,99,856.87	2,03,181.38

26.1 For the Financial Year 2021-22, the Company has recognized finance cost and penal interest on provisional rate of 13% at simple interest on the basis of interest rate available in IDBI sanction letter (being the lead bank).

26.2 As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Note - 27

Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumables, Stores and Spares	231.14	251.83
Power, Fuel and Water	498.33	534.68
Repairs and Maintenance	90.99	87.87
Labour / Fabrication and Subcontractor Charges	623.89	832.27
Equipment Hire Charges	5.98	18.84
Rent	14.86	156.32
Testing and Inspection Charges	5.67	8.30
Infrastructure Facility Charges	-	-
Design, Drawing and Construction Support Fees	-	-
Insurance	328.71	198.63
Cost Estimated for Revenue Recognised	-	-
Provision for Estimated Cost Over Contract Revenue	-	(355.26)
Rates and Taxes	0.02	0.02
Communication Expenses	6.55	11.70
Travelling, Conveyance and Vehicle Hire Charges	14.46	7.65
Legal and Professional Charges	628.06	598.21
Foreign Exchange Difference (net)	2.63	-
Payment to Auditors	25.08	16.50
Advertising, Publicity and Selling Expenses	3.86	12.29
Provision for Liquidated Damages	-	-
Provision for Non-Moving Inventory	-	-
Balances Written off (net)	-	-
Security Expenses	134.00	37.70
Miscellaneous Expenses	88.33	17.21
Total	2,702.56	2,434.76

Note As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

27.1 Payment to Auditors includes:

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit Fees	16.50	16.50
Out of pocket expenses	1.09	
Certification Charges	-	-
Total	17.59	16.50

Notes - 28

Exceptional Items

The Group realized the amount of ₹ 166 lakhs in the month of November 2021 for which the Group has provided full provisions, hence the same has been treated as exceptional receipt and accordingly shown in financials for the year ended March 31, 2022.

Note - 29

Earnings Per Share (Basic and Diluted)

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loss attributable to the Equity Shareholders	(2,08,595.51)	(3,42,612.40)
Amount available for calculation of Basic and Diluted EPS (a)	(2,08,595.51)	(3,42,612.40)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS (b)	73,75,91,263.00	73,75,91,263.00
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹) (a) / (b)	(28.28)	(46.45)

Note - 30

Contingent Liabilities and Commitments

30.1 Contingent Liabilities:

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Group)

(₹ in Lakhs)			
Sr. No.	Particulars	March 31, 2022	March 31, 2021
a)	Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (net of liabilities accounted for)		
	ii) Other Bank Guarantees	72.96	72.96
	(Bank Guarantees are provided under contractual/ legal obligations.)		
b)	Corporate Guarantee	13,924.02	13,924.02
	(Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)		
c)	Demands not acknowledged as Debts (net)		
	i) Income Tax	189.72	178.60
	Majorly the tax demand due to disallowances by the Income tax department and Interest		

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
ii)	Service Tax, Excise Duty and Sales Tax	3,939.92	3,939.92
	'Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.		
iii)	Third Party Claims	15,718.13	15,273.91
	The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.		
d)	Letters of Credit opened in favour of suppliers	-	-
	(Cash Outflow is expected on receipt of materials from suppliers)		

Note As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

30.2 Commitments:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
- Other Commitments (for investment in the Associates)	312.24	312.24

Note - 31

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 64,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc. a General Bond in favour of the President of India for a sum of ₹ 15,300 lakhs (Previous Year : ₹ 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350 lakhs (Previous Year: 1,350 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

The Company has received Twenty One show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to alleged wrong availment of Cenvat/Customs Duty/Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 32

Going Concern

The Standalone financial statement for the period and year ended March 31, 2022 have been prepared on going concern assumptions by resolution professional while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP.

The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the Consolidated financial statement for the period and year ended March 31, 2022 have been prepared on going concern assumptions by Board of Directors of the Company. This has been further explained in "General Information" in note 1.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 33

Fair Value Measurements

The fair value of the financial assets and liabilities are included at the amount that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price and financial instruments like Mutual Funds for which NAV is published by the Mutual Fund Operator. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and Mutual Fund are valued using the Closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2. Instruments in the level 2 category for the Company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in this level. Instruments in level 3 category for the Company include unquoted equity shares and FCCDs, unquoted units of mutual funds and unquoted units of venture capital funds.

The carrying amount of all other Financial Assets is reasonably approximate to its fair value.

Financial Liabilities

The Preference shares are classified as a financial liability. The liability in case of Preference Shares and Non Convertible Debentures are initially recognised on fair value and the difference between fair value and transaction price is considered as Other Income. Subsequently the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised as other income on the transaction date and subsequent impact are recognised as finance cost in the Statement of Profit and Loss.

The carrying amount of all other Financial Liabilities is reasonably approximate to its fair value. The fair values disclosed above are based on discounted cash flows using current borrowing rate. These are classified at level 2 fair values in the fair value hierarchy due to the use of observable inputs.

During the years mentioned above, there have been no transfers amongst the levels of the hierarchy.

Valuation process

The Company evaluates the fair value of the financial assets and financial liabilities on periodic basis using the best and most relevant data available. Also the Company internally evaluates the valuation process periodically.

Note - 34

Segment Reporting

The Group is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2020 and in respect of assets/liabilities as at March 31, 2021.

- I The risk - return profile of the Group's business is determined predominantly by the nature of its products. The Group is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.
- II **Revenue from Major Customers :**
Revenue from operations include ₹ 632 lakhs (Previous Year: ₹ 630.12 lakhs) from one customer (Previous Year: one customer) having more than 10% of the total revenue.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 35

Related Party Disclosures

a) List of Related parties

1 Subsidiary Companies

E Complex Private Limited (ECPL)
 RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)
 Reliance Technologies and Systems Private Limited (RTSPL)
 REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)
 PDOC Pte. Ltd. (PDOC)

2 Associates

Reliance Defence Systems Private Limited
 Reliance Defence Limited (upto April 24th 2020)
 Reliance Infrastructure Limited
 Conceptia Software Technologies Private Limited

3 Key Managerial Personnel

Mr. Madan Pendse (upto: 31-05-2022)	Erstwhile Chief Financial Officer
Mr. Rachakonda Venkata Ramana (upto: 30-09-2023)	Erstwhile Director
Ms. Shibby Joby (upto: 30-09-2023)	Erstwhile Director
Mr. Rishi Chopra (w.e.f.: 03-02-2023)	Chief Financial Officer
Mr. Nikhil Vasantlal Merchant (w.e.f.: 08-12-2023)	Chairman & Managing Director
Mr. Paresh Vasantlal Merchant (w.e.f.: 08-12-2023)	Director
Mr. Bhavik Nikhil Merchant (w.e.f.: 08-12-2023)	Director
Mr. Vivek Paresh Merchant (w.e.f.: 08-12-2023)	Director
Mr. Kaiyoze Beji Billimoria (w.e.f.: 14-12-2023)	Independent Director
Mr. Ashishkumar Bairagra (w.e.f.: 14-12-2023)	Independent Director
Mr. Arun Sinha (w.e.f.: 14-12-2023)	Independent Director
Mr. Prabhakar Reddy Patil (w.e.f.: 16-12-2023)	Independent Director
Ms. Maya Swaminathan Sinha (w.e.f.: 14-12-2023)	Independent Director
Mr. Arvind Jayasing Morbale (w.e.f.: 14-12-2023)	Whole-time Director
Mr. Vishant Shetty (w.e.f.: 08-12-2023)	Company Secretary

Note

- Mr. Nikhil Vasantlal Merchant was appointed as Non-Executive Director on December 8th, 2023, and has been redesignated as Chairman & Managing Director w.e.f February 13th, 2024, at the board meeting held on February 13th, 2024.
- The company's CS resigned on May 28th, 2022, and the Erstwhile CFO resigned on May 31st, 2022. The company informed the Exchange on February 04, 2023, regarding the Appointment of Mr. Rishi Chopra as Chief Financial Officer of the company w.e.f. February 03, 2023. On December 8th, 2023 Mr. Vishant Shetty was appointed as CS of the Company.
- Mr. Rachakonda Venkata Ramana and Ms. Shibby Joby have resigned as directors effective from September 30th, 2023 due to personal reasons, and The cessation of Mr. Debashis Bir's tenure as Director, effective April 12th, 2021, occurred due to his unfortunate demise. New Management has been appointed as mentioned above on the board of the Company.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

b) Terms and Conditions of transactions with related parties

The transactions with related parties are at arm's length price and in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances, which is merely reimbursement of expenses. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

1 Transactions and closing balance with related parties for the year ended March 31, 2022 (for the period which relationship exist)

(₹ in Lakhs)

Nature of transactions	Subsidiary Company					Total
	RUSPL	REDS	PDOC	ECPL	RMOL	
Lease Rent	-	-	-	393.50	-	393.50
	(-)	(-)	(-)	(393.50)	(-)	(393.50)
Infrastructure Facility Charges	-	-	-	1,240.00	-	1,240.00
	(-)	(-)	(-)	(1,240.00)	(-)	(1,240.00)
Interest Expenses	-	-	-	617.83	-	617.83
	(-)	(-)	(-)	(618.61)	(-)	(618.61)
Security Deposits - Non Current	-	-	-	7,370.00	-	7,370.00
	(-)	(-)	(-)	(7,370.00)	(-)	(7,370.00)
Borrowings(**)						
Balance as at April 1, 2021	-	-	-	5,148.58	-	5,148.58
	(-)	(-)	(-)	(5,174.84)	(-)	(5,174.84)
Received During the year	-	-	-	-	-	-
	(-)	(-)	(-)	26.26	(-)	26.26
Repaid during the year	-	-	-	-	-	-
	(-)	(-)	(-)	-	(-)	(-)
Balance as at March 31, 2022	-	-	-	5,148.58	-	5,148.58
	(-)	(-)	(-)	(5,148.58)	(-)	(5,148.58)
Interest Payable						
Balance as at March 31, 2022	-	-	-	2,463.66	-	2,463.66
	(-)	(-)	(-)	(1,845.83)	(-)	(1,845.83)
Corporate Guarantee						
Balance as at March 31, 2022	-	6,961.75	-	5,021.65	-	11,983.40
	(-)	(6,961.75)	(-)	(5,021.65)	(-)	(11,983.40)
Non Current Investment						
Balance as at March 31, 2022(*)	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

Figures in brackets represents previous year's amounts.

(*) Investments in E Complex Private Limited has been impaired during the year

(**) Closing balance

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

2 Transactions and closing balance with related parties for the year ended March 31, 2022 (for the period which relationship exist)

(₹ in Lakhs)

Nature of transactions	Associates			Total
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	
Engineering & Design Fees	-	-	-	-
	(-)	(-)	(-)	(-)
Rent	-	-	-	-
	(-)	(67.94)	(-)	(67.94)
Interest Expenses on ICD	-	-	366.86	366.86
	(-)	(-)	(366.86)	(366.86)
Sale of Surplus Material	-	-	-	-
	(-)	(-)	(-)	(-)
Dividend Received	-	-	-	-
	(-)	(-)	(-)	(-)
Trade Payables(**)	71.49	752.56	-	824.05
	(71.49)	(752.56)	(-)	(824.05)
Interest Accrued but not due(**)	-	44,743.28	1,737.97	46,481.25
	(-)	(44,743.28)	(1,371.11)	(46,114.39)
Borrowings				
Balance as at April 1, 2021	-	-	2,934.91	2,934.91
	(-)	(-)	(2,934.91)	(2,934.91)
Received during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Repaid during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Assigned to Third Party	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at March 31, 2022	-	-	2,934.91	2,934.91
	(-)	(-)	(2,934.91)	(2,934.91)
Non Current Investment				
Balance as at March 31, 2022	383.58	-	-	383.58
	(338.67)	(-)	(-)	(338.67)

Figures in brackets represents previous year's amounts.

3 Transactions with related parties for the quarter ended March 31, 2022. (for the period which relationship exist)

(₹ in Lakhs)

Nature of transactions	Key Managerial Persons*		
	Mr. Madan Pendse	Mr. Avinash Godse	Total
Short Term Employee Benefits	19.46	-	19.46
	(18.53)	(8.32)	(26.85)
Post Employment Benefits	-	-	-
	(-)	(-)	(-)

Figures in brackets represents previous year's amounts.

* As the liability of gratuity and leave encashment is provided by Company as a whole and not for particular person, the same is not included in above figures.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

c) Details of Loan given and investment made and guarantee given, covered u/s 186(4) of the Companies Act, 2013.

- i) Loan given and investment are given under the respective head.
- ii) Corporate Guarantee have been issued on behalf of subsidiary companies, details of which are given in related party transactions above.

Note As disclosed in the "General Information" in Note 1, along with Note 1.3(v) and 3.7, the elimination of the balances and transactions with the subsidiaries has not been done.

Note - 36

Operating Lease

The Group has entered into a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 30 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub-leases. There are no contingent rents. Disclosures as required under Ind AS 116 on "Lease" are given below:

Future minimum lease payments under non-cancellable operating lease:

(₹ in Lakhs)

Sr No	Particulars	Land		Infrastructure Facilities	
		2021-2022	2020-2021	2021-2022	2020-2021
1	Rent debited to Statement of Profit and Loss during the year	594.39	594.39	1,240.00	1,240.00
2	Future Minimum Lease payments payable in:				
	i Less than one year	594.39	594.39	1,240.00	1,240.00
	ii One to five years	924.99	2,600.08	6,935.09	5,260.00
	iii More than five years	10,655.30	11,463.55	3,240.75	2,432.50

Note - 37

Financial Risk Management Objective and Policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Group's operations, projects under implementation and to provide guarantees to support its operations. The Group's principal financial assets include investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors, reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk:

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

I Interest rate exposure profile appended in the table below

(₹ in Lakhs)

Borrowings	As at March 31, 2022	As at March 31, 2021
Floating Rate Loans	12,45,663.94	12,45,496.36
Fixed Rate Loans	2,87,284.20	2,87,284.20
Total	15,32,948.14	15,32,780.56

Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

(₹ in Lakhs)

Risk Exposure	As at March 31, 2022		As at March 31, 2021	
	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
Effect on profit/ (loss) before tax due to following change in interest rates				
On Floating Rate Loans	2,491.33	2,491.33	2,490.99	2,490.99

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency exposures:

(₹ in Lakhs)

Particulars	March 31,2022	March 31, 2021
Payables (A)	4,552.08	4,552.08
Trade and Other Receivables (B)	-	-
Net Exposure (A-B)	4,552.08	4,552.08

The advances to the vendors and borrowings in foreign currency is not considered above.

Foreign Risk Sensitivity:

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

(₹ in Lakhs)

Particulars	As at March 31,2022		As at March 31,2021	
	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
Effect on profit / (loss) before tax due to foreign exchange rate fluctuation	227.60	227.60	227.60	227.60

Commodity price risk:

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Trade receivables:

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

Liquidity risk:

Liquidity risk is the risk that the Group will face in meeting its obligation associated with its financial liabilities. The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of Bank Overdrafts, Letters of Credit and Working Capital Limits.

Note - 38

Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Capital Gearing Ratio

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Equity	73,759.13	73,759.13
Retained Earnings	(18,12,748.84)	(16,04,153.33)
Total (A)	(17,38,989.71)	(15,30,394.20)
Borrowing		
Non-Current	1,342.79	1,233.44
Current	15,32,948.14	15,32,780.56
Total (B)	15,34,290.93	15,34,014.00
Capital Gearing Ratio (B/A)	(0.88)	(1.00)

Note - 39

Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 14 and Note No 16 has been invoked by the banks.

Note - 40

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

The Company has not recognised any revenue during the current year and hence not disclosed.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 41

Additional Information, as required under Schedule III to the Companies Act, 2013 of the enterprises consolidate as subsidiary and associate.

(₹ in Lakhs)

Name of the enterprise	Net Assets i.e. Total Assets minus Total Liabilities		Share in Loss	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated loss
Parent				
Reliance Naval and Engineering Limited	(17,39,219.80)	100.02%	(2,08,640.42)	100.02%
Indian Associate (Investment as per the Equity Method)				
Conceptia Software Technologies Private Limited	383.58	-0.02%	44.91	-0.02%
Total Eliminations				
Total	(17,38,836.22)	100.00%	(2,08,595.51)	100.00%

(₹ in Lakhs)

Name of the enterprise	Share in Other Comprehensive Income		Share in Loss	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated loss
Parent				
Reliance Naval and Engineering Limited	-	0.00%	(2,08,640.42)	100.02%
Indian Associate (Investment as per the Equity Method)				
Conceptia Software Technologies Private Limited	-	0.00%	44.91	-0.02%
Total Eliminations				
Total	-	0.00%	(2,08,595.51)	100.00%

Note - 42

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Group, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Group.

Few of the construction activities are already commenced albeit in a limited manner. Further the Group has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. Any changes due to the changes in situations/circumstances will be taken into consideration, if necessary, as and when it crystallizes; accordingly it is not possible to determine exact financial impact of COVID-19 pandemic over the business at this juncture.

Note - 43

As on year ended on March 31, 2022, the reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was under process. The same is completed and give due effect in year ended March 31, 2023.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

Note - 43.1

Ratios as on period ended March 31, 2022.

(` in Lakhs)

Particulars	Numerator	Denominator	Ratio for Mar 2022	Ratio for Mar 2021	Variance	Explanation for variance above 25%
(a) Current Ratio	Current Assets	Current Liability	0.110	0.120	8.33	
(b) Debt-Equity Ratio	Total Debt	Share Holders Equity	(0.170)	(0.190)	10.53	
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	(0.003)	0.00012	2,600.00	Due to interest expense charged in FY 2020-21 include interest on previous year
(d) Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	0.128	0.155	17.42	
(e) Inventory turnover ratio	Turnover	Inventory	0.003	0.003	-	
(f) Trade Receivables turnover ratio	Income from Operations	Average Trade Receivable	0.268	0.241	-11.20	Due to realisation of outstanding dues.
(g) Trade payables turnover ratio	Trade purchases / expenses	Average Trade payable	13.410	12.770	-5.01	
(h) Net capital turnover ratio	Net Sales	Working Capital	(0.001)	(0.002)	50.00	Due to in FY 2020-21 subsidy of ₹ 15 Cr received from government
(i) Net profit ratio	Net Profit after Tax	Net Sales	(119.970)	(112.060)	-7.06	
(j) Return on Capital employed	EBIT	Capital employed	0.140	0.260	46.15	Due to increasing in loss on account of minimal operation
(k) Return on investment	Net return on investment	Cost of investment	0.100	0.240	58.33	Due to FD adjusted in July 2021 against Bank Guarantee

Note - 43.2

Other Statutory Information

- The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible assets during the year.
- The Company has not given any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment granted to promoters, directors, KMPs and related parties.
- The Company has not used borrowings for purpose other than specified purpose of the borrowing. Further, there is no delay in creation of charges with ROC beyond the statutory period.
- The Company does not have any Benami property. Further, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- The company has not conducted any exercise to identify the transactions with any struck-off companies during the year.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries);or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (i) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (j) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.
- (k) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (l) The company has not filed any Scheme of Arrangements in terms of sections 230 to 237 of the Companies Act, 2013 with any Competent Authority.
- (m) There is pending satisfaction of charge with ROC.

Note - 44

Other

Previous year figures have been regrouped and rearranged, wherever necessary to make them comparable with those of the current year.

The Finance Cost includes ₹ 45.51 lakhs as interest on Interim Funding received during CIRP Period and ₹172.39 lakhs as BG Commission, will be treated as CIRP Cost. The interest provided on the financial loans (apart from Interim Funding) has been recognised as per the applicable accounting standards and does not form a part of CIRP Expenses.

The presentation of Property, Plant, and Equipment under non-current assets is further bifurcated in Right-of-use Assets to comply with the applicable reporting framework. Comparative amounts are also changed. The trade receivables and advances from the customer are regrouped for better understanding. The comparative figures are not changed for the same.

Financial Creditor from whom the Company had taken a loan in foreign currency has submitted the claim for outstanding loan and unpaid interest thereon in CIRP in INR. This claim has been accepted by Resolution Professional. As a result, the loan amount with unpaid interest has not been reinstated at the current exchange rate. The amount payable at the current exchange rate is not more than the amount presently provided for in the books of accounts. As per company estimates, the Company is charging 13% P.A. on the claim amount, the claim amount includes the foreign currency loan. The rate of interest charged is much higher than the initial interest, on the principle of conservatism the Company is not recognizing Foreign exchange gain.

The company had sold the scrap material of goods damaged due to Cyclone Tauktae, which impacted the Company's premises in May 2021. The damaged goods were insured and in order to sell the goods as scrap, the company obtained the "No objection certificate" (NOC) from the insurance surveyor before initiating the sale of scrap. Accordingly, sales realization is not considered as revenue of the Company.

The AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues.

As per regulatory compliance, the company is required to conduct an internal audit but the same has not been done for the period ending March 31, 2022.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2022

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2022, since there is no liability to be reversed in the books of accounts.

During the year as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP/RP and the said process of receiving claims is still ongoing. These claims have been verified by the RP and his team. No adjustments has been made in the books of accounts for the period ended on March 31, 2022, claims submitted will be dealt as per the provisions of the code, post implementation of the approved Resolution plan, necessary adjustment will be made in these statements for the differential amounts, if any. This matter has accordingly been qualified by the auditors in their Limited review report.

As per our report on even date

For Pipara & Co LLP

Chartered Accountants
Firm Reg. No. 107929W/W100219

Bhawik Madrecha

Partner
Membership No. 163412

Place : Mumbai

Date : October 10th, 2024

for and on behalf of the Board of Directors

Reliance Naval and Engineering Limited

Mr. Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Mr. Rishi Chopra

Chief Financial Officer

Place : Mumbai

Date : October 10th, 2024

Mr. Vivek Merchant

Director
DIN : 06389079

Mr. Vishant Shetty

Company Secretary

