

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

[Formerly known as Reliance Naval and Engineering Limited]

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

CIN - L35110GJ1997PLC033193 Phone No.: +91 22 4058 7300 Website: sdhi.co.in Email: sdhi.investors@swan.co.in

SDHIL/SE/24/2025-26

September 01, 2025

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001

BSE Scrip Code : 533107

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

NSE Symbol : SWANDEF

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) – Annual Report for the F.Y. 2024-25 and Notice of 28th Annual General Meeting of Members of the Company for the F.Y. – 2024-25.

Dear Sir/Madam,

In reference to the captioned subject and pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform you that the 28th Annual General Meeting (“AGM”) of the Company schedule to be held on Wednesday, September 24, 2025 at 11.30 A.M. (IST) through Video Conferencing / Other Audio-Visual Means. We are submitting herewith Annual Report for the F.Y. 2024-25 and Notice of AGM of the Company along with explanatory statement, which is being sent through electronic mode to the Members.

The Cut-off date for determining the eligibility of shareholders for e-voting in respect of the Agenda Items as set out in the Notice is Wednesday, September 17, 2025.

The Company has provided the facility to vote by electronic means (remote e-voting as well as e-voting at the AGM) on the resolutions as set out in the AGM Notice. The e-voting shall commence on Friday, September 19, 2025 at 09:00 a.m. and will end on Tuesday, September 23, 2025 at 05:00 p.m.

The copy of the said AGM Notice is also uploaded on the website of the Company i.e. <https://www.sdhi.co.in>.

Kindly take the same on your record.

Thanking you,

Yours truly,

For Swan Defence and Heavy Industries Limited

[formerly known as Reliance Naval and Engineering Limited]

PARESH
VASANTLAL
MERCHANT
Date: 2025.09.01
18:38:38 +05'30'

Paresh Merchant

Director

DIN: 00660027

Enclosed as above



SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

28TH ANNUAL REPORT

For the year ended 31.03.2025

From the Desk of the Chairman & Managing Director



Dear Shareholders,

It is my privilege to present the Annual Report for Swan Defence and Heavy Industries Limited (SDHI) for the financial year 2024-25 - a year that marked the successful revitalisation of one of India's most strategic shipbuilding assets and set the stage for long-term growth in the defence and commercial maritime sectors.

Over the past year, we have made significant strides in restoring operations at India's largest shipyard, following its acquisition through the NCLT resolution process. Through disciplined capital deployment, infrastructure modernization, and the induction of a highly experienced leadership team, we have transitioned the facility into a fully functional, future-ready complex aligned with the nation's evolving maritime and defence objectives.

Key Highlights for FY 2024-25

- **Operational Turnaround:** We recommenced shipyard operations and completed multiple refit projects for the Indian Coast Guard ahead of schedule, showcasing our readiness, execution capabilities, and commitment to quality and delivery timelines.
- **Strategic Partnerships:** We entered into collaborations with leading domestic and international shipbuilding and design firms. These alliances expand our technical competencies and market access while enabling the adoption of advanced shipbuilding practices.
- **Workforce & Process Excellence:** Recognising the importance of talent and innovation, we have launched targeted recruitment and training in specialised areas such as design engineering, modular construction, and automation.
- **Compliance & Sustainability:** In line with global benchmarks, we have implemented stringent environmental and safety standards. These reinforce our commitment to sustainable shipbuilding and responsible operations.

Our state-of-the-art facility - equipped with India's largest dry dock and unmatched fabrication capacity - gives us a structural advantage in addressing the growing demand for newbuilds, refits, and modern naval platforms. With a total fabrication capacity of 144,000 metric tonnes, advanced modular construction capabilities, and a high degree of automation, SDHI is uniquely positioned to support India's ambition of becoming a leading shipbuilding nation.

Strategic Context and Outlook

India's maritime and defence sectors are poised for long-term growth, supported by government initiatives such as Maritime India Vision 2030, Sagarmala, and the proposed Shipbuilding Financial Assistance Policy 2.0. These programs open significant opportunities in port development, coastal infrastructure, fleet expansion, and defence indigenisation.

In FY 2025-26, our focus will remain on:

- Maximising capacity utilisation and operational efficiency
- Expanding our shipbuilding order book
- Advancing automation and digital integration
- Maintaining global standards in safety, quality, and sustainability

While global uncertainties persist, SDHI's scale, capabilities, and execution strength position us well to navigate challenges and create long-term value.

On behalf of the Board, I thank our shareholders for their continued trust and extend my sincere appreciation to our employees, partners, and stakeholders for their commitment and support. We look forward to contributing meaningfully to India's shipbuilding journey.

Warm regards,

Nikhil V. Merchant

Chairman & Managing Director

Swan Defence and Heavy Industries Limited

BOARD OF DIRECTORS**Mr. Nikhil Vasantlal Merchant**

Chairman & Managing Director

DIRECTORS**Mr. Paresh Vasantlal Merchant**

Director

Mr. Bhavik Nikhil Merchant

Director

Mr. Vivek Paresh Merchant

Director

Mr. Arvind Jayasing Morbale

Whole-time Director

Mr. Arun Sinha

Independent Director

Mr. Ashishkumar Bairagra

Independent Director

Mr. Kaiyoze Beji Billimoria

Independent Director

Ms. Maya Swaminathan Sinha

Independent Director

Mr. Prabhakar Reddy Patil

Independent Director

KEY MANAGERIAL PERSONNEL**RAadm Vipin Kumar Saxena, IN (Retd.)**Chief Executive Officer
(w.e.f. 10th October, 2024).**Mr. Rishi Chopra**Chief Financial Officer
(upto 22nd November, 2024).**Mr. Rajesh Dilipbhai Bhardwaj**Chief Financial Officer
(w.e.f. 22nd November 2024).**Mr. Vishant Shetty**Company Secretary
(upto 22nd June, 2025).**STATUTORY AUDITORS**M/s. N. N. Jambusaria & Co., Chartered
Accountants**SECRETARIAL AUDITORS**

M/s. DM & Associates, Company Secretaries LLP

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REGISTERED OFFICE

Pipavav Shipyard Limited, Pipavav Port, Post Uchaya, Via-Rajula, District Amreli 365 560, Gujarat

Tel.: +91 022-40587300**Email:** sdhi.investors@swan.co.in**WEBSITE**www.sdhi.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 032Website: www.kfintech.com

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of **Swan Defence and Heavy Industries Limited (formerly known as Reliance Naval and Engineering Limited)** will be held on **Wednesday, 24th September, 2025 at 11:30 AM (IST)** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following business(es). The venue of the meeting shall be deemed to be the registered office of the Company at Pipavav Shipyard Limited, Pipavav Fort, Post Uchaya, Via Rajula, Rajula, Gujarat – 365560.

ORDINARY BUSINESS:

1. Adoption of IND AS compliant Financial Statements (Standalone & Consolidated):

- a) **RESOLVED THAT** the Standalone Audited Financial statements (Balance Sheet, Statement of Profit and Loss, Statement of changes in equity, Cash Flow Statement) for the year ended 31st March 2025, together with Reports of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted."
- b) **"RESOLVED THAT** the Consolidated Audited Financial statements (Balance Sheet, Statement of Profit and Loss, Statement of changes in equity, Cash Flow Statement) for the year ended 31st March 2025, together with Report of the Auditors thereon, be and are hereby approved and adopted."

2. Re-appointment of Director retiring by rotation

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Paresch Merchant (DIN: 00660027), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company in terms of Section 152 of the Companies Act, 2013."

SPECIAL BUSINESS:

3. Appointment of Secretarial Auditor:

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

"RESOLVED THAT pursuant to the Section 204 and other applicable provisions of the Companies Act, 2013 ("the Act"), read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and based on the recommendation of the Audit Committee and the approval of the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for appointment of M/s DM & Associates, Company Secretaries LLP, Mumbai (Firm Registration No. L2017MH003500) (Peer Review Certificate No.6584/2025), as the Secretarial Auditor of the Company for a term of five (5) consecutive financial years, commencing from Financial Year 2025-26 to Financial Year 2029-30, on such remuneration, as may be mutually agreed between the Board of Directors and the Secretarial Auditor.

RESOLVED FURTHER THAT the Board of Directors (including any Committee so constituted) be and is hereby authorized to take all such steps and do all such acts, deeds, matters, and things as may be considered necessary, proper, and expedient to give effect to this Resolution"

4. Approval of Material Related Party Transactions:

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

"RESOLVED THAT pursuant to Regulation 23(4) and other applicable regulations of the Securities and Exchange Board of India (LODR) Regulations, 2015 ("Listing Regulations") and applicable provisions, if any of the Companies Act, 2013 ("Act"), read with all applicable Rules and laws, including any statutory modification(s)

or re-enactment thereof for the time being in force and subject to such approvals, consents, sanctions and permissions as may be necessary, and based on the approval/ recommendation of the Audit Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the company ("Board"), to enter into and/or to carry out and/or to continue with existing contract(s)/arrangement(s)/agreement(s)/transaction(s) or modifications of earlier contract(s)/ arrangement(s) / agreement(s) / transaction(s) (in terms of Regulation 2(1)(zc)(i) of the Listing Regulations) with such related parties, as more specifically set out in the explanatory statement to this resolution on the terms & conditions set out therein;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee so constituted) be and are hereby authorised to execute/alter/vary all such contract(s)/arrangement(s)/agreement(s)/ transaction(s) and writings, as deemed necessary and to settle all questions, difficulties or doubts and do all such acts, deeds, matters and things as it may deem fit at its absolute discretion, in order to give effect to this resolution."

5. Alteration of Articles of Association:

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

"RESOLVED THAT pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re – enactment thereof for the time being in force), and subject to the necessary approval(s), permissions, consents and sanctions required, if any, by the statutory authority and all other applicable laws and regulations if any, the consent of the members of the company be and is hereby accorded for adoption of the new set of Articles of Association of the Company, as the Articles of Association of the Company, in the place and in exclusion and substitution of the entire existing Articles of Association of the Company.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and are hereby severally authorized to sign and submit required e-forms with the Ministry of Company Affairs – MCA and to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution."

By Order of the Board of Directors

Paresh V. Merchant
Director
DIN:00660027

Date: August 01, 2025

Place: Mumbai

Registered Office

Pipavav Port, Post Uchhaiya,
 Via Rajula, Amreli, Gujarat, 365 560
 Website: www.sdhi.co.in
 Email: sdhi.investors@swan.co.in
 CIN: L35110GJ1997PLC033193

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

NOTES:

1. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the businesses therein forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and Secretarial Standard – 2 on General Meetings, issued by The Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as **Annexure** to this Notice.
2. Pursuant to provisions of section 91 of the Companies Act, 2013 the register of members and share transfer books of the Company will remain closed from Thursday, 18th September, 2025 to Wednesday, 24th September 2025 (Both days inclusive). The Notice of AGM is being sent to those members / beneficial owners whose names appears in the register of members / list of beneficiary received from the depositories as at the end of the business hours on Friday, 29th August, 2025.
3. Mr. Savyasachi Joshi, Practicing Company Secretary (CP No. 15666) of M/s. DM & Associates Company Secretaries LLP, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
4. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting and make a consolidated Scrutinizer's report of the total votes cast to the Chairman or a person authorized by him in writing, who shall countersign the same.
5. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company <https://sdhi.co.in/shareholder> and on the website of Registrar and Share Transfer Agent viz., <https://evoting.kfintech.com> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE and NSE, where the shares of the Company are listed.
6. In terms of sections 101 and 136 of the Act, notice of AGM along with the Annual Report is being sent through electronic mode only to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice and Annual Report will also be available on the Company's website at <https://www.sdhi.co.in/> and websites stock exchanges i.e., BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com.
7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangement in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in electronic mode.

All the documents referred to in the Resolutions are open for inspection at the Company's Registered Office on all working days, except Saturday and Sunday, between 10:00 AM to 1:00 PM till 24th September 2025 and will also available for inspection at the Meeting.

Voting through electronic means:

1. In view of the relaxation provided by the Ministry of Corporate Affairs ("MCA") vide its General Circulars Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, and subsequent circulars issued in this regard, the latest being 9/2023 dated September 25, 2023, ('MCA Circulars'), the physical attendance of the Members at the EGM/AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the EGM/AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 read with circular no 9/2023 dated September 25, 2023 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has made necessary arrangements for participation of the Members in the 28th AGM through VC/ OAVM facility with KFinTech Technologies Limited(KFinTech). The process of remote e-voting with necessary instructions are given in the subsequent paragraphs.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at "www.sdhi.co.in". The Notice can also be accessed from the 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 the EGM/AGM Notice is also available on the website of KFinTech at <https://evoting.kfintech.com>.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Friday, 19th September 2025 at 09:00 A.M. and ends on Tuesday, 23rd September 2025 till 5:00 P.M. The remote e-voting module shall be disabled by KFinTech for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, 17th September 2025 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 17th September 2025.

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

1. The process and manner for remote e-voting and joining and voting at the AGM are explained below:
 - A) Access to Depositories e-voting system in case of individual members holding shares in demat mode;
 - B) Access to KFinTech e-voting system in case of members holding shares in physical mode and non-individual members in demat mode;
 - C) Access to join the AGM on KFinTech system to participate and vote during the AGM.

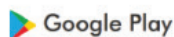
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

A) Access to Depositories e-voting system in case of individual members holding shares in demat mode:

Type of Members	Login Method
Individual members holding shares of the Company in demat mode with NSDL	1. User already registered under IDeAS facility:
	i. Visit the e-services website of NSDL at https://eservices.nsdl.com either on a personal computer or on a mobile.
	ii. On the e-services home page click on the “Beneficial Owner” icon under ‘Login’ under IDeAS section.
	iii. On the new page, enter user ID and password. After successful authentication, please click on ‘Access to e-Voting’
	iv. Click on the Company name i.e., “Swan Defence and Heavy Industries Limited” or ESP, i.e., Kfin.
	v. Members will be re-directed to Kfin’s website for casting the vote during the remote e-voting period.
	2. User not registered under IDeAS facility:
	i. Visit https://eservices.nsdl.com for registering.
	ii. Select ‘Register Online for IDeAS’ or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Proceed with completing the required fields.
	iii. After registration, visit https://www.evoting.nsdl.com/
	iv. Once the home page of e-voting is launched, click on the icon ‘Login’ which is available under ‘Shareholder/Member’ section. A new screen will open.
	v. Members will have to enter their user ID (i.e. sixteen-digit demat account number held with NSDL), password/OTP and a verification code as shown on the screen.
	vi. After successful authentication, members will be requested to select the name of the Company i.e., Swan Defence and Heavy Industries Limited or ESP i.e., KFin after which the members will be redirected to Kfin’s website for casting the vote during the remote e-voting period.
	vii. Members can also download the NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of Members	Login Method
Individual members holding shares of the Company in demat mode with CDSL	<p>1. User who have already opted for Easi/Easiest:</p> <ol style="list-style-type: none"> Members are requested to visit https://web.cdslindia.com/myeasitoken/home/login or www.cdslindia.com Click on 'New System Myeasi'. Members are requested to login with their registered user ID and password. Members will be able to view the e-voting menu. The menu will have links of KFin's website, which will redirect them to e-voting page of KFin to cast their vote without any further authentication. <p>2. User not registered under Easi/Easiest:</p> <ol style="list-style-type: none"> Visit https://web.cdslindia.com/myeasitoken/home/login for registering. Proceed to complete registration using the DP ID, Client ID (BO ID), etc. After successful registration, please follow the steps given in point no. 1 above to cast your vote. <p>3. Alternatively, by directly accessing the e-voting website of CDSL</p> <ol style="list-style-type: none"> Visit www.cdslindia.com Members are required to provide their demat account number and PAN number. System will authenticate user by sending OTP on their registered mobile & email ID as recorded in the demat account. After successful authentication, members will be provided link for selecting the name of the Company i.e., Swan Defence and Heavy Industries Limited or for selecting ESP i.e., KFin. Members will be re-directed to the e-voting page of KFin to cast their vote without any further authentication.
Individual members login through their demat accounts/ website of Depository Participant	<ol style="list-style-type: none"> Members can also login using the login credentials of their demat account through their DP registered with NSDL/CDSL for e-voting facility. Once logged-in, members will be able to see e-voting option. After clicking on e-voting option, members will be redirected to NSDL/CDSL website after successful authentication, wherein members will be able to see e-voting feature. Click on options available against the Company's name i.e., Swan Defence and Heavy Industries Limited or ESP i.e., KFin, and members will be redirected to e-voting website of KFin for casting vote during the remote e-voting period without any further authentication.

Important note: Members who are unable to retrieve user ID/password are advised to use 'Forgot user ID' and 'Forgot Password' option available at respective websites.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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Helpdesk for individual members holding shares of the Company in demat mode for any technical issues related to login through NSDL/CDSL.

Login type	Helpdesk details
Securities held with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or contact at 022-4886 7000
Securities held with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 210 99 11

B) Access to KFinTech e-voting system in case of members holding shares in physical mode and non-individual members in demat mode:

- 1) Members whose email IDs are registered with the Company/DP(s), will receive an email from KFinTech which will include details of E-Voting Event Number (EVEN), user ID and password. The following process shall be followed:
 - i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
 - ii. Enter the login credentials (i.e. user ID and password). Members holding shares in physical mode: user ID will be EVEN, followed by folio number. Members holding shares in demat account: user ID will be DP ID and Client ID. However, if members are already registered with KFinTech for e-voting, they can use their existing user ID and password for voting purpose.
 - iii. After entering these details appropriately, click on 'LOGIN'.
 - iv. Members will be required to mandatorily change their 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.,). The system will prompt to change the password and update the contact details like mobile number, email ID etc. on first login. Members may also enter a secret question and answer of their choice to retrieve the password (if required). It is strongly recommended that members should not share their password with any other person and take utmost care to keep their password confidential.
 - v. Members are required to login again with their new credentials.
 - vi. On successful login, the system will prompt to select the 'EVEN' i.e. 'Swan Defence and Heavy Industries Limited' and click on 'Submit'.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under 'FOR/AGAINST' or alternatively, members may partially enter any number in 'FOR' and partially 'AGAINST' but the total number in 'FOR/AGAINST' taken together shall not exceed the total shareholding as mentioned herein above. Members may also choose the option 'ABSTAIN'. If the member does not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the Notice separately. In case members do not desire to cast their vote on any specific item, it will be treated as abstained.
 - x. Members may then cast their vote by selecting an appropriate option and click on 'Submit'.
 - xi. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once members have voted on the resolution(s), they will not be allowed to modify their vote. During the voting period, members can login any number of times till they have voted on the resolution(s).
 - xii. Corporates/Institutional members (i.e. other than Individuals, HUF, NRIs, etc.) are required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority

Letter, etc. authorizing its representative(s) to vote on its behalf, to the Scrutinizer at e-mail ID: dmassociatesllp@gmail.com with a copy marked to evoting@kfintech.com and to the Company at sdhi.investors@swan.co.in. They may also upload the same in the e-voting module in their login page. The scanned image of the above mentioned documents should be in the naming format 'Corporate Name_EVEN'.

- xiii. If you have forgotten your password, you can reset your password by using 'Forgot Password' available on <https://evoting.kfintech.com> and following the password reset options provided therein or contact KFINTECH at toll free no.: 1800-309-4001.

C) Members whose email IDs are not registered with the Company/DP(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sdhi.investors@swan.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (sdhi.investors@swan.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

D) Access to join the AGM on KFinTech system to participate and vote during the AGM:

- 1) Member will be provided with a facility to attend the AGM through VC/OAVM platform provided by KFinTech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFinTech. After logging in, click on the 'Video Conference' tab and select the 'EVEN' of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the user ID and password for e-voting or have forgotten their user ID and password may retrieve the same by following the remote e-voting instructions mentioned above.
- 2) Facility for joining this AGM through VC/OAVM shall be open at least 15 minutes before the commencement of the AGM.
- 3) Members are encouraged to join the AGM through their laptops/desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- 4) Members will be required to grant access to the webcam to enable VC/OAVM. Further, members connecting from their mobile devices/tablets/laptop 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.
- 5) Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC/OAVM platform. The members may click on the voting icon displayed on the screen to cast their votes.
- 6) Facility of joining the AGM through VC/OAVM shall be available for at least 2,000 members on first come first served basis.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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- 7) Institutional Members are encouraged to attend and vote at the AGM through VC/OAVM.
- 8) In case of any query and/or assistance required, relating to attending the AGM through VC/OAVM mode, members may refer to the Help & Frequently Asked Questions ("FAQs") and 'AGM VC/OAVM' user manual available at the download Section of <https://evoting.kfintech.com> or contact Mr. Mohammed Shanoor, Assistant Manager, KFintech at the email ID evoting@kfintech.com or on phone No.: 040-6716 2222 or call KFintech's toll free No.: 1800 309 4001 for any further clarifications / technical assistance that may be required.

By Order of the Board of Directors

(Paresh V. Merchant)

Director

DIN: 00660027

Date: August 01, 2025

Place: Mumbai

Registered Office

Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**ITEM NO 3:**

Regulation 24A of the SEBI (LODR), Regulations, 2015 mandates that w.e.f. 1st April 2025, every Listed Company, based on the recommendation of the Board of Directors, shall appoint or re-appoint, a Secretarial Auditor for not more than one/two terms of five consecutive years, with the approval of its shareholders in its Annual General Meeting.

Accordingly, based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s DM & Associates, Company Secretaries LLP, (Firm Registration No. L2017MH003500) (Peer Review Registration No. 6584/2025), as the Secretarial Auditors of the Company for a period of five (5) years, commencing from F.Y. 2025-26 to F.Y. 2029-30, subject to shareholders' approval at the ensuing Annual General Meeting.

M/s. DM & Associates are a team of motivated professionals rendering services in diverse sectors, currently handling audits of more than 40 listed and unlisted companies. The firm has experienced professionals possessing experience in the field of Finance, Legal, Taxation, Corporate laws and procedural matters for providing legal & regulatory services relating to Companies Act, FEMA, SEBI, Income Tax, NSE, BSE and other financial & technical collaborations.

M/s. DM & Associates has provided its consent and has confirmed that the proposed appointment will be in compliance with the provisions of the Act and the SEBI Listing Regulations.

Accordingly, the consent of the shareholders is sought for the appointment of M/s. DM & Associates as the Secretarial Auditors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are concerned or interested in the above Resolution.

The Board recommends the Ordinary Resolution as set out in Item No. 3 of the Notice for approval of the members.

ITEM NO 4:

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 'Related Party Transaction' ("RPT") with the Related Party shall be considered 'Material Related Party Transaction' ("MRPT"), if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of a listed entity, as per the last audited financial statements of the listed entity, whichever is lower.

The company proposes to enter into certain RPTs, as mentioned below, which are expected to cross the above threshold limits and thus, get classified as MRPTs, which require prior approval of the shareholders, in terms of Regulation 23 (4) of SEBI (LODR) Regulations, 2015.

Background, details, and rational for the proposed MRPTs:

In terms of NCLT, Ahmedabad order dated 23rd December, 2022, the affairs of the company were taken over by the present management, w. e. f. 4th January, 2024. The present management means 'Hazel Infra Limited' ("HIL"), its holding company and 'Swan Energy Limited' ("SEL"), its ultimate holding company.

The company is in the process of its yard restoration and has not yet fully operationalized all its commercial activities. The revenue generated is insignificant compared to its financial requirements, for which the source of revenue will be fulfilled by Holding Company/ Group Companies. The proposed MRPTs are in furtherance of the same, in order to meet the company's funding requirements on ongoing basis, until funding arrangements are in place.

The Audit Committee, after noting that such proposed MRPTs shall be on arm's length basis & in the ordinary course of business and on the basis of requisite details as provided, have reviewed and approved the proposed MRPTs, subject to approval of the members of the company.

Accordingly, the Board of Directors has considered the same and recommends the resolution contained in Item No 4 of the accompanying Notice to the Members for approval.

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None of the other Directors, KMPs and/ or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 4 of the Notice.

Details of the proposed MRPTs and information as required to be disclosed in the Explanatory Statement, pursuant to SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, are as follows:

Sr. No.	Description	Details		
		Swan Energy Limited (SEL)	Hazel Infra Limited (HIL)	Triumph Offshore Private Limited (TOPL)
1.	Details of summary of information provided by the Management to the Audit Committee			
a.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	SEL is a part of Promoter Group and consequently a related party.	HIL is a Promoter and holding company and consequently a related party.	TOPL is a subsidiary of SEL and hence Fellow subsidiary of Company.
b.	Name of the director or key managerial personnel who is related, if any and nature of relationship	Mr. Nikhil Merchant Chairman & Managing Director of the Company is also a Promoter and Managing Director. Further, Mr. Paresh Merchant, Non-Executive Director of the Company is a Whole-time Director of SEL.	Mr. Vivek Merchant and Mr. Bhavik Merchant Non-Executive Directors of the Company is also a Directors of HIL.	Mr. Vivek Merchant and Mr. Bhavik Merchant are Promoters and Directors of the Company.
c.	Nature, material terms, monetary value and particulars of contracts or arrangement	Availing fund based and non-fund-based support including receiving of investments in equity /debt/ Inter-corporate deposits, convertible/ non-convertible instruments and Guarantee/ security to be availed., in connection with loans to be availed; during financial year 2025-26, aggregating upto limits as mentioned in Sr. No. D.		
D	Value of Transaction	up to ₹ 2,000 crore.	up to ₹ 2,000 crore.	up to ₹ 1,000 crore.
E	Percentage of proposed MRPTs to counter party's entity's annual turnover.	1476.41%	74685.38%	262.44%
2.	Justification for the transaction	Please refer to "Background, details, and rational for the proposed MRPTs" which forms part of the explanatory statement to the Item No. 4.		
3.	Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:			

Sr. No.	Description	Details		
		Swan Energy Limited (SEL)	Hazel Infra Limited (HIL)	Triumph Offshore Private Limited (TOPL)
i.	details of the source of funds in connection with the proposed transaction			
ii.	where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments – nature of indebtedness; – cost of funds; and – tenure		Not Applicable	
iii.	applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security			
iv.	the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT			
4.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder	At present, the nature of transaction has not been decided, and therefore, no valuation report or other external report has been relied upon by the Company in relation to the proposed transaction. However, if the proposed transactions are determined to involve an investment in securities, a valuation report will be obtained at the relevant time, in compliance with applicable laws.		
5.	Any other information that may be relevant	All important information forms part of the explanatory statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.		

The Board recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for approval of the members.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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ITEM NO.5:

The existing Articles of Association (AOA) of the Company were aligned with the provisions and requirements of the erstwhile management and contain certain clauses that are no longer relevant or appropriate under the current management structure. In view of this, and to align the Company's AOA with the provisions of the Companies Act, 2013, the Board of Directors has proposed to substitute the existing AOA entirely with a new set of Articles based on the model Articles of Association as prescribed under Table "F" of Schedule I of the Companies Act, 2013, with suitable modifications as may be required for a listed company.

The proposed new AOA will ensure that the Company's governance framework is aligned with the current statutory and regulatory requirements, including those prescribed by the Securities and Exchange Board of India (SEBI) for listed entities.

The Board, at its meeting held on 1st August, 2025 has considered and approved proposal of new sets of the AoA of the Company, subject to approval of shareholders/members of the company.

A copy of proposed new set of the Article of Association of the Company is available for inspection by the Members of the Company at its Registered Office during normal business hours on all working days (Except Saturday and Sunday) up to and including the date of the Annual General Meeting. The same is also available on the website of the company.

As per Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013 (as amended), adoption of new set of Articles of Association of the Company requires approval of the Members by passing Special Resolution.

None of the Directors or the Key Managerial Personnels of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the resolution as set out at Item no. 5 of the Notice, except to the extent of their shareholding.

The Board recommends passing of the resolution set out at Item No. 5 as a Special Resolution.

By Order of the Board of Directors

(Paresh V. Merchant)

Director

DIN: 00660027

Date: August 01, 2025

Place: Mumbai

Registered Office

Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

Annexure A

Details of Director seeking appointment

[Pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard–2 on General Meetings]

Name of the Director	Mr. Paresh Vasantlal Merchant
DIN	00660027
Date of Birth	19/09/1963
Age	62 years
Date of First Appointment	08/12/2023
Qualification	Management Education Programme from I.I.M, Ahmedabad
Expertise	<ul style="list-style-type: none"> • Industry experience, Research & Development and Innovation • Strategic Leadership & Planning / Operational experience • Corporate Governance, Risk and Compliance • Financial Expertise / Regulatory / Legal & Risk Management • Global experience/ exposure • Information Technology
Directorships in other Companies (excluding foreign companies)	<ol style="list-style-type: none"> 1. Veritas(India) Limited 2. Swan Energy Limited 3. Swan Engitech Works Private Limited 4. Cardinal Energy and Infrastructure Private Limited 5. Gazdar Bandh Developers Private Limited 6. Swan Constructions Private Limited 7. Swan International Private Limited 8. Precious Tradecomm Private Limited 9. Rasraj Suppliers Private Limited 10. Vijayshree Agency Private Limited 11. Dave Leasing And Holdings Private Limited 12. Swan Realtors Private Limited 13. Swan Defence Private Limited 14. Feltham Steels Private Limited 15. Feltham Resources Private Limited 16. Sahajanand Soaps And Chemicals Pvt Ltd

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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Membership / Chairpersonship of Committees in other companies (excluding foreign companies)	Swan Energy Limited: <ol style="list-style-type: none">1. Audit Committee2. Nomination and Remuneration Committee3. Stakeholders Relationship Committee4. Risk Management Committee5. Corporate Social Responsibility Committee Veritas (India) Limited: <ol style="list-style-type: none">1. Risk Management Committee2. Nomination and Remuneration Committee
Listed entities from which the Director has resigned from Directorship in last 3 (three) years	Nil
Inter-se relationship with other Directors and Key Managerial Personnel	<ol style="list-style-type: none">1. Mr. Nikhil Merchant - Brother2. Mr. Vivek Merchant – Son3. Mr. Bhavik Merchant – Nephew
No. of shares held by Own	Nil
For other persons on a beneficial basis	Nil

By Order of the Board of Directors

(Paresh V. Merchant)
Director
DIN: 00660027

Date: August 01, 2025

Place: Mumbai

Registered Office

Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

DIRECTORS' REPORT

To,
The Members,

Swan Defence and Heavy Industries Limited (formerly known as Reliance Naval and Engineering Limited)

1. The Board of Directors of the Company hereby present the 28th (Twenty Eighth) Directors' Report together with the Audited Financial Statements (Standalone & Consolidated) of the Company for the financial year ended March 31, 2025.

2. Financial Summary:

The financial performance of the Company, on standalone & consolidated basis, for the financial year ended March 31, 2025 is summarised below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended on 31.3.2025	For the year ended on 31.3.2024	For the year ended on 31.3.2025	For the year ended on 31.3.2024
Profit before interest & depreciation	(9745.31)	(2,650.51)	(9746.43)	(2,650.51)
Less: Interest	2,093.50	2,639.23	2,093.50	2,639.23
Depreciation	6,087.85	6,846.25	6,087.85	6,846.25
Exceptional Item	(222.64)	-	(222.64)	-
Profit before Tax	(18,149.30)	(12,135.99)	(18,150.42)	(12,135.99)
Less: Provision for Taxation	-	-	-	-
Net Profit for the year	(18,149.30)	(12,135.99)	(18,150.42)	(12,135.99)
Consolidated share in the profit/(loss) of associate	-	-	46.47	76.50
Net Profit for the year before Comprehensive Income	(18,149.30)	(12,135.99)	(18,103.95)	(12,059.49)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-
Attributable to shareholders of the company	-	-	-	-
Non-Controlling Interest	-	-	-	-
Add: Amount of Profit & Loss Account brought forward	42,069.06	54,205.05	42,396.71	54,456.20
Opening balance of new subsidiaries	-	-	-	-
Opening Balance of Strike-off subsidiaries	-	-	-	-
Amount available for Appropriation Less: Appropriations:	23,919.76	42,069.06	24,292.76	42,396.71
Transfer to General Reserve	-	-	-	-
Dividend on Equity shares paid*	-	-	-	-
Tax on dividend	-	-	-	-
Add: Other Comprehensive Income	-	-	-	-
Balance of Profit & Loss Account transferred to Balance Sheet	23,919.76	42,069.06	24,292.76	42,396.71

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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On standalone basis, revenue from operations for the financial year 2024-25 was ₹ 703.46 lakhs as compared to ₹ NIL lakhs in the previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) for the year was (₹ 9745.31 lakhs) as compared to (₹ 2,650.51 lakhs) in the previous year. Profit after Tax (PAT) for the year was (₹ 18,149.30 lakhs) as compared to (₹ 12,135.99 lakhs) in the previous year.

On consolidation basis, revenue from operations for the financial year 2024-25 was ₹ 703.46 lakhs as compared to ₹ NIL lakhs in the previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) for the year was (₹ 9746.43 lakhs) as compared to (₹ 2,650.51 lakhs) in the previous year. Profit after Tax for the year was (₹ 18,150.42 lakhs) as compared to (₹ 12,135.99 lakhs) in the previous year.

3. Business Outlook & The State of Companies Affairs:

The year under review marked a period of steady progress for Swan Defence and Heavy Industries Limited (SDHI), with significant developments in operationalizing and restoring one of India's largest integrated shipbuilding and repair facilities. Despite global macroeconomic uncertainties, evolving trade dynamics, and supply chain challenges, the Indian maritime and shipbuilding sector continued to benefit from domestic demand, defence indigenisation efforts, and supportive policy measures.

The Government of India has announced several initiatives aimed at enhancing shipbuilding competitiveness, which, once implemented, are expected to support the sector's growth. These include the proposed Shipbuilding Financial Assistance Policy (SBFAP) 2.0 that envisages 20 to 30 percent subsidy on eligible contracts, the proposed Shipbreaking Credit Note Scheme to incentivize eco-friendly ship recycling, the ₹ 25,000 crore Maritime Development Fund for port modernization, shipyard infrastructure and fleet expansion, and the Maritime India Vision (MIV) 2030 that outlines a roadmap for increasing capacity and improving ease of doing business. Additional measures, such as the planned promotion of shipbuilding clusters near key ports with plug-and-play facilities, tax incentives, and skill development hubs, are also expected to strengthen the operating environment. With its infrastructure, fabrication capacity, and location, SDHI is well-positioned to participate in these opportunities as they take shape.

During FY 2024–25, SDHI completed multiple refit projects for the Indian Coast Guard ahead of schedule, reflecting efficient execution. The Company also entered into agreements with domestic and international shipbuilding entities to broaden capabilities and market access. These steps are intended to enhance readiness for both defence and commercial shipbuilding programs, as well as ship repair operations.

Looking ahead, SDHI will continue to focus on improving capacity utilization, operational efficiency, and compliance with environmental and safety standards. The Company's priorities include process automation, workforce training, and cost optimization to maintain competitiveness. Through these efforts, SDHI aims to strengthen its role in India's shipbuilding and repair industry while creating sustainable value for stakeholders.

1) REVIEW OF OPERATION

I. Revitalisation of India's Largest Shipyard through NCLT Acquisition

Swan Defence and Heavy Industries Limited (SDHI) has achieved significant progress in reviving India's largest integrated shipyard, formerly known as Reliance Naval and Engineering Limited. The facility was acquired through a resolution plan approved by the National Company Law Tribunal (NCLT) and has since undergone a comprehensive transformation.

Through strategic capital deployment, infrastructure modernisation, and the induction of an experienced leadership team, SDHI has converted the shipyard into a fully operational and modern shipbuilding and repair complex that is aligned with the nation's defence and maritime objectives.

II. Commencement of Operations and On-Time Execution for Indian Coast Guard

In the financial year under review, SDHI successfully resumed operations at the shipyard, marking a key milestone in its turnaround journey. Demonstrating operational readiness and execution capabilities, the Company completed three refit orders for the Indian Coast Guard ahead of schedule. This accomplishment underscores SDHI's ability to deliver complex naval and commercial marine projects with precision, reliability, and strict adherence to timelines, which are critical factors in building long-term credibility within the shipbuilding sector.

III. Strategic Partnerships and Capability Expansion

SDHI has entered into strategic agreements with domestic and international shipbuilding and technology partners to expand its capabilities, enhance technology adoption, and access new markets. These collaborations are aimed at strengthening the Company's position in both defence and commercial segments while enabling the adoption of advanced shipbuilding practices.

IV. Focus on Workforce Development and Process Optimisation

Recognising the need for highly skilled manpower in shipbuilding, SDHI has initiated targeted recruitment and training programs in specialised areas such as design engineering, modular construction, and automation. In parallel, the Company is implementing process improvements and digital tools to optimise workflows, reduce production cycles, and improve cost efficiency across operations.

V. Compliance and Safety Enhancements

The Company has implemented stringent safety protocols and environmental compliance measures in line with international standards, reinforcing its commitment to safe operations and sustainable shipbuilding practices.

4. Name Change of the Company:

The name of the Company has been changed from Reliance Naval and Engineering Limited to Swan Defence and Heavy Industries Limited with effect from January 02, 2025.

5. Scheme of Arrangement and Amalgamation:

The Board, at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHIL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which *inter alia*, provides for the following:

1. Reduction and re-organisation of the capital of the Transferee Company.
2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHIL will issue 1,325 (One Thousand Three Hundred and Twenty-Five) 8% Non-Convertible Redeemable Preference Shares having face value of ₹ 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of ₹ 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

The Scheme is, *inter alia*, subject to the sanction of National Company Law Tribunal ("NCLT"), Ahmedabad Bench and receipt of necessary approvals from Stock Exchanges and Securities and Exchange Board of India, shareholders/creditors, as may be directed by the NCLT and such other regulatory/statutory authorities, as may be required and the company is in the process seeking the same.

As on date, approval from Stock Exchange is awaited after which the Scheme will be filed with NCLT.

6. Dividend & Reserves:

In view of losses and keeping in view the Company's financial position, the Board of Directors of your company have not recommended Dividend for the year under review.

The company has not transferred any amount to the General Reserve during the year.

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7. Subsidiaries, Joint Ventures or Associate Companies:

Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of the Company	Nature of entity	Status	Accounting of investment
1	E Complex Private Limited	Wholly-owned Subsidiary	Under CIRP	Impaired in FY 2020-21
2	RMOL Engineering and Offshore Limited	Wholly-owned Subsidiary	Under Liquidation	Impaired in FY 2018-19 and written off in FY 2022-23
3	REDS Marine Services Limited	Wholly-owned Subsidiary	Under Liquidation	Impaired in FY 2018-19 and written off in FY 2022-23
4	Reliance Technologies and Systems Private Limited	Wholly-owned Subsidiary	Ongoing	Impaired in FY 2018-19
5	PDOC Pte. Limited	Subsidiary	Ongoing	Impaired in FY 2018-19
6	Conceptia Software Technologies Private Limited	Associate	Ongoing	Carried in the books

Due to the write-off and impairments of investments in subsidiary companies, the financial information of the subsidiaries has not been considered for the consolidation of the financial statements of the Company, except for one associate, i.e., Conceptia Software Technologies Private Limited.

8. SHARE CAPITAL:

During the year under review, there is no change in the authorized share capital of the company.

During the year under review, the Company has allotted 5,00,00,000 equity shares at face value of ₹ 10/- each to Hazel Infra Limited in terms of Approved Resolution Plan.

During the year, corporate action was executed in terms of approved resolution plan, vide which 73,75,91,263 old equity shares were extinguished and new 26,82,150 equity shares were issued in the ratio of 1:275.

Accordingly, the total paid up Equity Share capital as on 31st March, 2025 is ₹ 52,68,21,500/-, divided into 5,26,82,150 equity shares of ₹ 10/- each fully paid up.

The above equity shares so allotted rank pari passu with the existing equity shares of the Company.

Except as stated above, there was no other change in the share capital of the Company.

9. Statutory Disclosures:

1. Management Discussion and Analysis:

As required under Regulation 34(2)(e) of the SEBI (LODR) Regulations, 2015, a Management Discussion and Analysis is annexed to this Report- **Annexure A.**

2. Corporate Governance:

As required under Regulation 34(3) read with Schedule V (C) of the SEBI (LODR) Regulations, 2015, a report on the 'Corporate Governance', together with a certificate of statutory auditors, confirming compliance of the conditions of the Corporate Governance, is annexed to this report – **Annexure B.**

Further, in compliance of Regulation 17(5) of the SEBI(LODR) Regulations, 2015, your company has adopted a 'Code of Conduct and Ethics', for its Directors and Senior Executives.

3. Annual Return:

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return in Form MGT-7 of the Companies (Management and Administration) Rules, 2014 is placed on the website of the Company and can be accessed at the web-link: "[https://www.sdhi.co.in./](https://www.sdhi.co.in/)" under the tab "Investors -> Annual Return".

4. Familiarization programme for Independent Director:

The Directors of the Company are provided opportunities to familiarize themselves with the Company, its Management and its operations by way of presentations on various matters, including the company's business and operations, industry and regulatory updates as part of familiarization programs.

The roles and responsibilities of the Independent Directors of the Company are informed to them at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Presentations are made to the Board, where Independent Directors get an opportunity to interact with Senior Management. Directors are also informed of the various developments in the Company.

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the Company has conducted various familiarization programs for Independent Directors including Presentations on Internal Control over Financial Reporting, Regulatory updates, Prevention of Insider Trading Regulations, Framework for Related Party Transactions, Meeting with Senior Executive(s) of your Company, etc.

The details of familiarization programs is available of the website of the Company i.e. www.sdhi.com.

5. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

Information under Section 134(3) (m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this Report - **Annexure C**.

6. Particulars of employees:

The statement containing particulars of employees under Section 197 (12) of Act, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure D**.

7. Number of Board & Committee Meetings:

During the year under review, the details of number of Board & Committee Meetings convened and held are given in the Corporate Governance Report forming part of this Report.

8. Statement on Declaration given by Independent Directors:

The independent directors have individually declared to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the SEBI (LODR), 2015 at the beginning of the year and there is no change in the circumstances as on the date of this Report which may affect their status as an independent director.

Your Board confirms that in their opinion the independent directors fulfil the conditions of the independence as prescribed under the Companies Act, 2013 and the SEBI (LODR), 2015 and they are independent of the management.

Further, in the opinion of the Board the independent directors, possess requisite skills, expertise, experience and integrity.

9. Disclosures regarding Company's Policies under the Companies Act, 2013:

1. Remuneration and Nomination Policy

The Board has framed a Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided

under Section 178(3) of the Act for the directors, key Managerial Personnel and other employees of the Company. The Policy is available on the Company's website at https://sdhi.co.in/Investor_Relations/Corporate_Policies.

2. Whistle blower Policy / Vigil Mechanism

The Company has a Whistle blower Policy to deal with instances of fraud and mismanagement which is available on the Company's website at https://sdhi.co.in/Investor_Relations/Corporate_Policies.

During the reporting period, no person has been denied access to the Chairman of the Audit Committee.

3. Related Party Transaction:

The Company has a well-defined process of identification of related parties and transactions there with, its approval and review. The disclosures of RPTs and Policy for the same is hosted on the Company's website at https://sdhi.co.in/Investor_Relations/Corporate_Policies.

All the Related Party Transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Related Party Transactions (RPTs) entered into by the company during the financial year, which attracted provisions of Section 188 of the Companies Act, 2013 and as defined under Regulation 23 of Listing Regulations, 2015, a detailed disclosure of these transactions with the related parties are provided in the Notes to the Financial Statements.

During the year 2024-25, pursuant to Section 177 of the Companies Act, 2013 and Regulation 23 of Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

Members are requested to refer note no. 33 forming part of the Annual Audited Financial Statements which set out related party disclosure.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at https://sdhi.co.in/Investor_Relations/Corporate_Policies.

10. Particulars of Loans, Guarantees or Investments by Company:

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.

The loan obtained from the parent Company, viz, Hazel Infra Limited, was effectively utilized as working capital to support the yard restoration and to meet repayment obligations to the financial creditor, in line with the deferred payment agreement.

The company did not provide any guarantees or make any investment during the year.

11. Auditors:

1. Statutory Audit:

At the 27th Annual General Meeting ("AGM") of the Company held on December 27, 2024, M/s. N.N. Jambusaria & Co., Chartered Accountants (Firm Registration Number 104030W) were appointed as the statutory auditors for a term of five consecutive years, until the conclusion of the 32nd AGM of the Company.

There is no qualification, reservation or adverse remark or disclaimer by the Auditors in their report. Hence Report of the auditors, read with the notes to the financial statements, is self-explanatory and need no elaboration.

2. Cost Audit:

In accordance with applicable regulatory provisions, the requirement to appoint a cost auditor does not apply to the company.

3. Secretarial Audit:

i- For the financial year 2024-25:

Pursuant to Section 204 of the Companies Act, 2013 and applicable Rules, the Company had appointed M/s. DM & Associates Company Secretaries LLP, Mumbai (Firm Registration No: L2017MH003500) (Peer Review Certificate: 6584/2025) to undertake the Secretarial Audit of the Company for the financial year 2024-2025.

Secretarial Audit Report of the company for the year ended 31st March, 2025 is annexed to this report as **Annexure- E**, which contains certain qualifications. In this regard, we have to state as under:

- a In view of the circumstances beyond control, the new management could not ensure compliance with Minimum Public Shareholding (MPS) norms within the prescribed timelines, due to which fines are being imposed by the Exchanges on the company. In order to evaluate the options for MPS compliances, the Board of Directors, at its meeting held on April 23, 2025, took cognizance of the non-compliance and constituted a committee to evaluate various viable options to restore compliance with MPS norms, subject to requisite approvals.
- b The delay in submission of quarterly results and related party disclosures was due to the pending approval of accounts for the financial years 2023 and 2024, which had been pending since 2023 prior to the new management which took over company's affairs on January 4, 2024. After taking over management of affairs from the erstwhile Monitoring Committee, the new management regularised all pending non-compliances on November 11, 2024.

ii- For the term of five years from financial year 2025-26 to 2029-30:

In terms of Regulation 24A of the Listing Regulations, 2015, the Board of Directors have appointed M/s. DM & Associates Company Secretaries LLP, Mumbai (Firm Registration No: L2017MH003500) (Peer Review Certificate: 6584/2025) as the Secretarial Auditor of the Company for a first term of five consecutive years commencing from financial year 2025-2026 till the financial year 2029-2030, subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

12. Compliance of Secretarial Standards of ICSI:

The Company has followed the applicable Secretarial Standards, with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

13. Internal Financial Controls:

Your Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material impact on your Company's operation. The controls were tested during the year under Report and no reportable material weaknesses either in their design or operations were observed. In other observations, appropriate corrective actions were taken as advised by the Audit Committee and Internal Auditors.

The management of the Company is currently in the process of implementing effective internal control systems pertaining to financial reporting.

14. Directors and KMP:

Change in Directors and Key Managerial Personnel:

During the year, following changes have taken place in the Board of Directors and Key Managerial Personnel:

- Rear Admiral Vipin Kumar Saxena (retd) has been appointed as the Chief Executive Officer of the Company with effect from 10th October 2024.

- Mr. Rishi Chopra, ceased to be Chief Financial Officer of the Company with effect from 22nd November 2024.
- Mr. Rajesh Bhardwaj has been appointed as the Chief Financial Officer of the Company with effect from 22nd November 2024.
- Mr. Vishant Shetty ceased as the Company Secretary of the Company with effect from close of business hours on 22nd June 2025.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Paresb Vasantlal Merchant is retiring by rotation at the forthcoming Annual General Meeting and being eligible, he has been recommended for re-appointment by the Board.

Details about the directors being (re)-appointed are given in the Notice of the forthcoming Annual General Meeting which is being sent to the members along with the Annual Report.

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Nikhil Merchant, Managing Director
- Mr. Vipin Saxena, Chief Executive Officer
- Mr. Rajesh Bhardwaj, Chief Financial Officer

15. GENERAL DISCLOSURES:

During the financial year under review:

1. Performance Evaluation:

The Board assessment is conducted through a structured questionnaire. All the Directors participated in the evaluation process. Further, a meeting of the Independent Directors was conducted to review the performance of the Board as a whole and that of Non-Independent Directors.

The evaluation results were discussed at the meeting of Board of Directors, Committees and the Independent Directors meeting. The Directors were satisfied with the overall corporate governance standards, Board performance and effectiveness.

2. Change in the nature of the business of the company:

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

3. Deposits:

The Company has not accepted any deposit within the meaning of the Chapter V to the Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year.

4. Significant and material orders passed:

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

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

During the year under review, no complaint pertaining to sexual harassment at workplace has been received by the Company. The following is the status of complaint received and resolved during the financial year:

- Number of complaints received : Nil
- Number of complaints disposed off : Nil
- Number of complaints pending beyond 90 days : Nil

6. Disclosure under Maternity Benefit Act, 1961:

The company has complied with the provisions of the Maternity Benefit Act, 1961, including all applicable amendments and rules framed thereunder. The Company is committed to ensuring a safe, inclusive, and supportive workplace for women employees. All eligible women employees are provided with Maternity Benefits as prescribed under the Maternity Benefit Act.

7. Fraud Reporting:

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder, either to the Company or to the Central Government.

16. COMMITTEES OF THE BOARD:

There are various Board constituted Committees as stipulated under the Act and SEBI Listing Regulations namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee. Brief details pertaining to composition, terms of reference, meetings held and attendance there at of these Committees during the year has been enumerated in Corporate Governance Report.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134(c) and Section 134(5) of the Companies Act, 2013, the Directors' Responsibility Statement is given as under, that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis; and
- e) the Directors, are in the process of reviewing existing internal financial controls and strengthening it wherever required taking into consideration future scale of operation of the Company. However, the Directors are of the opinion that existing internal financial controls are commensurate with its current level of commercial activity.

18. APPRECIATION:

The 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

Nikhil V. Merchant
Chairman & Managing Director
DIN: 00614790

Paresh V. Merchant
Director
DIN: 00660027

Date: August 01, 2025
Place: Mumbai

Annexure to Directors' Report

Annexure-A

MANAGEMENT DISCUSSION AND ANALYSIS

a. INDIAN MARKET OUTLOOK

India's sustained economic momentum in FY 2024–25 reaffirmed its position as the world's fourth-largest economy, supported by structural reforms, robust domestic demand, and a conducive investment environment. With real GDP growth at 6.5% and nominal GDP reaching ₹ 331.03 lakh crore, India remains one of the fastest-growing major economies. This positive macroeconomic backdrop, along with continued emphasis on infrastructure development and industrial growth, provides a strong foundation for sectors such as shipbuilding and maritime logistics.

This economic momentum has been driven by the Government's strategic push under the Aatmanirbhar Bharat initiative, higher public capital expenditure, and a strong focus on productivity-led growth across core sectors such as infrastructure, defence, engineering, and electronics. India's export performance remained resilient, reaching a record USD 825 billion, with engineering goods and services exports emerging as key contributors. Foreign Direct Investment (FDI) continued to flow steadily, crossing USD 1.05 trillion cumulatively, while equity inflows rose by 27% in the first nine months of FY 2024–25, reflecting sustained global investor confidence in India's long-term growth potential and policy stability.

Amid this growth landscape, the shipbuilding and maritime sector has gained strategic significance, aligned with the Maritime Amrit Kaal Vision 2047, which envisions India becoming a top global shipbuilding hub. The growing demand for indigenous defence platforms, port-led industrialisation, and green maritime logistics is expected to further catalyse sectoral growth. However, the global market remains sensitive to geopolitical developments, cost pressures, and trade realignments, which may influence order inflows and capacity deployment across shipyards.

b. SHIPBUILDING INDUSTRY OUTLOOK: GLOBAL TRENDS AND INDIA'S GROWING ROLE

With a coastline exceeding 11,000 km and a large network of operational ports in India, including 12 major and over +200 minor ports, India holds a strategic position in global maritime trade. The shipbuilding and maritime sector has gained renewed national significance under the Government's long-term roadmap, the Maritime Amrit Kaal Vision 2047, which aspires to position India among the world's top five shipbuilding nations. This vision is supported by rising demand for indigenous defence platforms, port-led industrialisation, and a growing shift toward sustainable, green maritime logistics.

To strengthen domestic capabilities and global competitiveness, the Government is actively promoting policies such as the Shipbuilding Financial Assistance Policy (SBFAP) 2.0, which provides up to 20% financial support for Indian-built vessels and 30% for green-fueled or hybrid vessels. These incentives are aimed at supporting capital-intensive shipbuilding projects and encouraging the adoption of cleaner technologies. In addition, the Shipbreaking Credit Note Policy, announced in the Union Budget 2025–26, is under development and aims to formalise and incentivise eco-friendly ship recycling practices in India. Once implemented, it is expected to enhance sustainability, create local employment, and reduce reliance on imported steel. Together, these initiatives, along with India's cost competitiveness, skilled labour base, and improving infrastructure, are positioning the country as a viable alternative to traditional shipbuilding hubs. Nevertheless, global macroeconomic uncertainties, supply chain disruptions, and pricing volatility remain key variables influencing the growth trajectory of Indian shipyards.

Globally, the shipbuilding market was valued at USD 152.72 billion in 2025 and is projected to reach USD 193.43 billion by 2030, growing at a CAGR of 4.84%. This growth is being fueled by rising demand for cargo ships, LNG carriers, and defence vessels, especially in Asia-Pacific region, which remains the dominant region with over 85% of global production concentrated in China, South Korea, and Japan. However, India is emerging as a competitive player, supported by its strategic location, growing naval fleet, and focus on defence indigenisation.

c. SDHI'S STRATEGIC EXECUTION AND MARKET READINESS

Swan Defence and Heavy Industries Limited (SDHI) has achieved significant progress in restoring and operationalising one of India's largest integrated shipbuilding and repair facilities. The yard is now fully functional, equipped with modern infrastructure including dry docks, outfitting and fabrication bays, and heavy-duty material handling systems. During FY 2024–25, SDHI successfully executed multiple refit projects for the Indian Coast Guard and delivered ahead of schedule, demonstrating the Company's execution capabilities and commitment to quality. Backed by a skilled leadership team, advanced production infrastructure, and supported by collaborations with domestic and international shipbuilding entities, SDHI is well-positioned to play a meaningful role in India's shipbuilding and maritime growth journey. The Company remains committed to delivering long-term stakeholder value through timely execution, technical excellence, and a focus on scalable, sustainable operations.

d. KEY OPERATIONAL STRENGTHS

- India's Largest Dry Dock Facility: SDHI operates the largest dry dock in India, measuring 662 metres in length and 65 metres in width, enabling the simultaneous construction of large vessels.
- Unmatched Fabrication Capacity: The shipyard has an annual fabrication capacity of 144,000 metric tonnes, with fabrication sheds capable of producing modular blocks weighing up to 300 tonnes.
- State-of-the-Art Automation: The facility is equipped with advanced machinery, including a large-scale semi-automated TTS panel production line, supporting high-precision and efficient manufacturing.
- Efficient Block Assembly: Dedicated spaces are available for pre-outfitting and megablock assembly, allowing for streamlined integration of large structural blocks.
- Weather-Protected Cold Outfitting: Covered outfitting sheds enable 70-100% outfitting work to be carried out in protected conditions, ensuring minimal disruption during adverse weather.
- Future Capacity Augmentation Potential: SDHI holds over 75 acres of land at Shipyard Complex Site (SCS), designated for the development of a potential vendor park or maritime cluster, offering significant scope for future expansion.

e. KEY THREATS AND INDUSTRY RISKS

- Prolonged Project Cycles and Working Capital Pressure: Shipbuilding projects typically have long execution timelines and milestone-based payments, which can result in elevated working capital requirements and cash flow mismatches.
- Global Competition from Subsidized Shipyards: International shipyards, particularly in China, South Korea, and Japan, are benefiting from significant government subsidies, making it challenging for Indian yards to compete on pricing and delivery timelines.
- Shortage of Skilled Manpower and Ageing Workforce: The industry faces a growing shortage of skilled welders, fitters, and marine engineers, with limited new entrants and a retiring workforce affecting long-term scalability.
- Volatility in Raw Material Prices: Fluctuations in the prices of steel, specialty alloys, and marine equipment can adversely impact project margins, particularly for fixed-price contracts.
- Delays in Defence or Government Orders: Any delay in the issuance or execution of government and defence contracts may lead to underutilization of yard capacity and impact revenue visibility.
- Regulatory and Environmental Compliance Risks: Increasingly stringent safety, environmental, and ESG norms may require additional investment in green technologies and waste handling infrastructure, impacting cost structures.
- Natural Disasters and Climate Risks: Operations near coastal areas are exposed to weather-related disruptions such as cyclones, flooding, or heavy monsoons, affecting project schedules.

f. KEY OPPORTUNITIES FOR THE SHIPBUILDING INDUSTRY IN INDIA

- Rising Demand for Coastal and Inland Waterway Vessels: With increasing focus on multimodal logistics and inland water transport under initiatives like Sagarmala and Jal Marg Vikas, there is a growing demand for barges, Ro-Ro vessels, and smaller cargo ships, creating long-term opportunities for domestic commercial shipbuilders.
- Expansion of Coastal Shipping: India's push toward reducing road congestion and fuel costs is boosting coastal shipping. The government's target to shift 10% of road and rail freight to coastal routes over the next decade presents opportunities for bulk carriers and general cargo vessel construction.
- Growing Export Potential: Several Southeast Asian, African, and Middle Eastern countries are looking to procure cost-effective commercial vessels from emerging markets. Indian shipbuilders have an opportunity to tap into these export markets by leveraging lower labour costs and growing technical capabilities.
- Supportive Policy Environment: Policies such as the Shipbuilding Financial Assistance Policy (SBFAP 2.0) and Right of First Refusal (RoFR) for Indian yards in government procurements provide commercial builders with greater visibility and competitiveness.
- Demand for Green and Energy-Efficient Vessels: With global maritime decarbonisation goals and IMO regulations tightening, there is an emerging market for LNG-powered, hybrid, and electric vessels offering first-mover advantage to Indian shipyards investing in clean technologies.
- Ship Repair and Life Extension Markets: Alongside new builds, the ship repair and retrofitting segment is expanding due to the ageing global fleet. This presents high-margin, recurring business opportunities for yards with integrated dry dock and repair facilities.
- Integration with Maritime Clusters and Vendor Ecosystems: The development of maritime clusters, vendor parks, and ancillary units under initiatives like Maritime India Vision 2030 creates a collaborative industrial environment, enabling faster execution and cost optimisation for shipbuilders.

g. OUTLOOK:

India's continued focus on maritime infrastructure, coastal development, and defence indigenisation provides a strong foundation for the shipbuilding and repair industry in FY 2025–26. Your company is well-positioned to capitalise on these opportunities, supported by its modern infrastructure, operational shipyard, and growing execution track record. The government's push through initiatives like Sagarmala, Maritime Amrit Kaal Vision 2047, and the Shipbuilding Financial Assistance Policy (SBFAP 2.0) is expected to drive demand for both commercial and defence vessels. While global uncertainties such as material cost fluctuations, workforce availability, and geopolitical tensions may pose operational challenges, SDHI's strategic advantage is driven by its large-scale facility, skilled manpower, and vendor collaboration potential, which positions it to play a key role in India's maritime growth. The Company remains committed to expanding its presence in domestic and export markets while pursuing long-term, sustainable value creation in the shipbuilding ecosystem.

h. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

During the fiscal year 2024–25, under the full stewardship of the new management, which assumed control on January 4, 2024, the Company made significant progress in strengthening its internal financial control framework. This effort was aligned with the Company's expanding operational scale and increasing regulatory obligations and included a comprehensive review and formalisation of existing processes.

The management has proactively implemented targeted process improvements, introduced system automation, and enhanced documentation practices across key functions to drive greater transparency, accountability, and risk mitigation. While further improvements are ongoing, the internal financial controls in place are considered adequate and commensurate with the Company's operational activities during the year. The Company remains committed to continuously evolving its internal control systems in line with best-in-class governance standards.

i. HUMAN RESOURCES AND SKILL DEVELOPMENT:

A skilled and well-structured workforce continues to be a cornerstone of SDHI's operational readiness and long-term growth. In FY 2024–25, the Company significantly strengthened its human capital base, with over 400 in-house personnel and an additional 600+ vendor workforce deployed across critical functions such as project management, production, civil & plant maintenance, safety, quality, and support services.

The leadership team at SDHI, composed of senior professionals with over three decades of experience in shipbuilding, offshore operations, and defence readiness, has played a pivotal role in shaping the organisation's HR and talent strategy. The Company has successfully retained key technical personnel from the erstwhile shipyard while simultaneously pursuing focused hiring to fill 85+ mid-management roles, ensuring that the right expertise is available for complex project execution.

To support this growth, SDHI has initiated skill development programs in key areas such as welding, erection, profiling, and specialised shipbuilding disciplines for bulkers, passenger vessels, and chemical tankers. Additionally, over 100 Standard Operating Procedures (SOPs) are being formalised in areas like commercial operations, procurement, planning, and design to standardise workflows and enhance quality control.

Your company remains committed to investing in workforce development and compliance, with all quality and regulatory certifications in place, ensuring that SDHI's talent ecosystem remains aligned with industry best practices and future operational demands.

j. KEY FINANCIAL RATIOS:

Sr. No.	Ratios	31.03.2025	31.03.2024	% variation	Remarks
i	Debtors Turnover	30.79	-	-	Variance due to increase in operational revenue in the current financial year.
ii	Inventory Turnover	0.0005	0.0002	(150)	Variance due to increase in COGS in the current financial year.
iii	Interest Coverage Ratio	(4.65)	-1.00	(365)	Variance due to increase in loss in the current financial year.
iv	Current Ratio	5.05	2.53	(99.60)	Payment made to financial creditor during the current financial year.
v	Debt Equity Ratio	8.33	4.48	(85.94)	Variance due to increase in operating losses in the current financial year.
vi	Operating Profit Margin	(7.22)	-	-	Variance due to increase in operating losses in the current financial year.
vii	Net Profit Margin	(25.80)	-	-	Variance due to increase in loss in the current financial year.
viii	Return on Net Worth	(0.474)	(0.236)	(100.85)	Variance due to increase in loss in the current financial year.

For and on behalf of Board of Directors

Nikhil V. Merchant
Chairman & Managing Director
DIN: 00614790

Paresh V. Merchant
Director
DIN: 00660027

Date: August 01, 2025
Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

1. BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of shareholders and others, thereby ensuring greater transparency, better and timely financial reporting, generating long term economic value for its Shareholders.

The Company has incorporated the sound corporate governance practices by laying emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders.

2. BOARD OF DIRECTORS:

A. BOARD STRUCTURE & ITS MEETING.

As on 31st March 2025, the Board of Directors of the Company consists of 10 Directors, comprising of 5 Independent Directors (including 1 Independent Woman Director), 2 executive directors and 3 Non-executive and Non-Independent Directors. The composition of the Board, as of 31st March 2025, is in conformity with the provisions of the Act and Regulation 17 of the Listing Regulations.

Your Company held Six (6) Board Meetings during the year on 12th June 2024, 10th October 2024, 17th October 2024, 11th November 2024, 22nd November 2024 and 7th February 2025.

The required details of the Board of Directors as on 31st March 2025 are as under:

Name of Director	Category	Attendance Particulars	Number of other Directorships and Committee Memberships/Chairmanships				Name of other Listed Companies & category of Directorship as on March 31, 2025
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships	
Mr. Nikhil Merchant	Chairman & Managing Director	6/6	Yes	15	-	-	1. Swan Energy Limited – MD
Mr. Arun Sinha	Non-Executive & Independent Director	3/6	Yes	7	-	-	-
Mr. Kaiyoze Billimoria	Non-Executive & Independent Director	6/6	Yes	1	1	-	-
Mr. Ashishkumar Bairagra	Non-Executive & Independent Director	6/6	Yes	7	2	1	1. Swan Energy Limited – ID
Ms. Maya Sinha	Non-Executive & Independent Director	6/6	Yes	7	4		1. Ceinsys Tech Limited-ID 2 Vishnusurya Projects and Infra Limited – ID

Name of Director	Category	Attendance Particulars	Number of other Directorships and Committee Memberships/Chairmanships				Name of other Listed Companies & category of Directorship as on March 31, 2025
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships	
Mr. Prabhakar Patil	Non-Executive & Independent Director	6/6	Yes	5	4	1	1. KHFM's Hospitality and Facility Management Services Ltd – ID 2. Swan Energy Limited – ID 3. Pace Digitek Limited – ID
Mr. Paresh Merchant	Non-Executive & Non-Independent Director	5/6	Yes	16	2	1	1. Swan Energy Limited – ED Whole Time Director 2. Veritas (India) Limited –MD
Mr. Vivek Merchant	Non-Executive & Non-Independent Director	5/6	Yes	13	1	-	-
Mr. Bhavik Merchant	Non-Executive & Non-Independent Director	2/6	Yes	18	-	-	-
Mr. Arvind Morbale	Executive Director	6/6	Yes	-	-	-	-

Notes:

1. Chairmanship/Membership of Committees includes Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee.
2. The Directorships, held by Directors as mentioned above, do not include directorship(s) in foreign companies and section 8 companies under the Companies Act, 2013.
3. Mr. Nikhil Merchant, Mr. Paresh Merchant, Mr. Vivek Merchant, and Mr. Bhavik Merchant are relatives. Other than this, there is no relationship between the Director's inter se.
4. Details of other listed companies don't include debt-listed companies.
5. 'MD' denotes Managing Director, 'ED' denotes Executive Director, and 'ID' denotes Independent Director.

B. CORE SKILLS/ EXPERTISE/ COMPETENCIES AVAILABLE WITH THE BOARD.

The following is the list of core skills/expertise/competencies identified by the board of directors as required in the context of Company's business(es) and sector(s) and the names of directors who have such skills/expertise/competencies:

Skills / Expertise / Competencies	Names of directors who have skills / expertise / competencies
1 Leadership and General Management	1. Mr. Nikhil Merchant 2. Mr. Arun Sinha 3. Mr. Kaiyoze Billimoria 4. Mr. Ashishkumar Bairagra 5. Ms. Maya Sinha 6. Mr. Prabhakar Patil 7. Mr. Paresh Merchant 8. Mr. Vivek Merchant 9. Mr. Bhavik Merchant 10. Mr. Arvind Morbale
2 Industry knowledge and experience	1. Mr. Nikhil Merchant 2. Mr. Arun Sinha 3. Mr. Paresh Merchant 4. Mr. Vivek Merchant 5. Mr. Bhavik Merchant 6. Mr. Arvind Morbale
3 Strategic Planning	1. Mr. Nikhil Merchant 2. Mr. Arun Sinha 3. Mr. Kaiyoze Billimoria 4. Mr. Ashishkumar Bairagra 5. Ms. Maya Sinha 6. Mr. Paresh Merchant 7. Mr. Vivek Merchant 8. Mr. Bhavik Merchant 9. Mr. Arvind Morbale
4 Business Planning & Implementation	1. Mr. Nikhil Merchant 2. Mr. Arun Sinha 3. Mr. Kaiyoze Billimoria 4. Mr. Ashishkumar Bairagra 5. Ms. Maya Sinha 6. Mr. Paresh Merchant 7. Mr. Vivek Merchant 8. Mr. Bhavik Merchant 9. Mr. Arvind Morbale

Skills / Expertise / Competencies	Names of directors who have skills / expertise / competencies
5 Corporate Governance including legal Compliance	1. Mr. Nikhil Merchant 2. Mr. Arun Sinha 3. Mr. Kaiyoze Billimoria 4. Mr. Ashishkumar Bairagra 5. Ms. Maya Sinha 6. Mr. Prabhakar Patil 7. Mr. Paresh Merchant 8. Mr. Vivek Merchant 9. Mr. Bhavik Merchant 10. Mr. Arvind Morbale
6 Finance & Accounts / Audit / Risk Management Areas	1. Mr. Nikhil Merchant 2. Mr. Kaiyoze Billimoria 3. Mr. Ashishkumar Bairagra 4. Ms. Maya Sinha
7 Taxation and International Tax	1. Mr. Kaiyoze Billimoria 2. Mr. Ashishkumar Bairagra 3. Ms. Maya Sinha

3. Independent Directors of the Company have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of Independence. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

During the year under review, the Independent Directors met on 31st March, 2025, *inter-alia*, to discuss:

- ⌘ Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
- ⌘ Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-executive Directors;
- ⌘ Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

4. BOARD-LEVEL COMMITTEES:

A) The Company has three Board Level Committees namely,

- A. Audit Committee,
- B. Stakeholders Relationship Committee and
- C. Nomination and Remuneration Committee

A. Audit Committee

The composition of the Audit Committee as on March 31, 2025 is as follows:

Name of the Member	Designation	Category
Mr. Kaiyoze Billimoria	Chairman	Non-executive & Independent Director
Mr. Ashishkumar Bairagra	Member	Non-executive & Independent Director
Mr. Paresh V. Merchant	Member	Non-executive & Non-independent Director
Mr. Prabhakar Reddy Patil	Member	Non-executive & Independent Director

The Audit Committee met Six times during the year under review on 12th June 2024, 10th October 2024, 17th October 2024, 11th November 2024, 22nd November 2024 and 07th February 2025.

The details of Audit Committee Meeting and Attendance of Directors during the year under review, is as under:

No.	Date of Meeting	Mr. Kaiyoze Billimoria	Mr. Ashishkumar Bairagra	Mr. Paresh Merchant	Mr. Prabhakar Reddy Patil*
1.	12 th June 2024	Y	Y	Y	NA
2.	10 th October 2024	Y	Y	N	NA
3.	17 th October 2024	Y	Y	Y	NA
4.	11 th November 2024	Y	Y	Y	NA
5.	22 nd November 2024	Y	Y	Y	NA
6.	07 th February 2025	Y	Y	Y	Y

(Y- Attended, N- Not Attended, NA-Not Applicable)

*Appointed as member of the Committee w.e.f. November 22, 2024.

The scope of the activities of the Audit Committee is as set out in Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 read with Section 177 of the Companies Act, 2013.

Brief description of **terms of reference** of the Audit Committee include: -

1. Examination of the financial statements and the auditors' report thereon;
2. Monitoring the end use of funds raised through public offers and related matters.
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
4. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
5. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
6. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.

7. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
8. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
9. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the company, wherever necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the Whistle Blower mechanism;
21. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

6. Statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

B. Stakeholders Relationship Committee:

The composition of the Stakeholder Relationship Committee as on March 31, 2025 is as follows:

Name of the Member	Designation	Category
Mr. Paresh V. Merchant	Chairperson	Non-executive & Non-Independent Director
Mr. Vivek P. Merchant	Member	Non-executive & Non -Independent Director
Mr. Prabhakar Reddy Patil	Member	Non-executive & Independent Director

During the financial year under review, the Stakeholder Relationship Committee met once on October 10, 2024.

The details of Stakeholder Relationship Committee Meeting and Attendance of Directors during the year under review, is as under:

No.	Date of Meeting	Mr. Paresh V. Merchant	Mr. Vivek P. Merchant	Mr. Prabhakar Reddy Patil
1.	10 th October 2024	N	Y	Y

The Names of the Compliance Officer is as under: -

Name of the Official	Designation
Mr. Vishant Shetty	Company Secretary & Compliance Officer upto June 22, 2025 *

* Mr. Vishant Shetty had resigned with effect from June 22, 2025 as Company Secretary of the Company.

During the year, Company has received 38 complaints from shareholders and no complaint was pending as on 31st March, 2025. All of them were duly resolved/replied.

The Company has designated the exclusive E-mail ID for the convenience of investors, i.e., sdhi.investors@swan.co.in.

Brief description of terms of reference of the Stakeholders Relationship Committee include: -

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

C. Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee as on March 31, 2025 is as follows:

Name of the Member	Designation	Category
Ms. Maya Sinha	Chairperson	Non-executive & Independent Director
Mr. Kaiyoze Billimoria	Member	Non-executive & Independent Director
Mr. Paresh Merchant	Member	Non-executive & Non-independent Director

Meeting and attendance during the year under review:

During the financial year under review, the Nomination and Remuneration Committee met twice on October 10, 2024 and November 22, 2024.

The details of Nomination and Remuneration Committee Meeting and Attendance of Directors during the year under review, is as under:

No.	Date of Meeting	Mr. Kaiyoze Billimoria	Mr. Ashishkumar Bairagra	Mr. Paresh Merchant
1.	10 th October 2024	Y	Y	N
2.	22 nd November 2024	Y	Y	Y

Brief description of **terms of reference** of the Nomination & Remuneration Committee include:-

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
 - a) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of evaluation, prepare a description of role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities to identified in such description. For the purposes of identifying suitable candidates, the Committee may:
 - i. Use the services of an external agencies if required;
 - ii. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. Consider the time commitments of the candidate.
2. To lay down / formulate the evaluation criteria for performance evaluation of independent directors and the Board;
3. To devise a policy on Board diversity;
4. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to specify the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors to be carried out by the Board, by the NRC or by an independent external agency and review its implementation and compliance;
5. To recommend to board, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. To recommend to board, all remuneration payable to senior management. (i.e. members of the core management team, i.e. members one level below the chief executive officer/managing director/ whole time director) and shall specifically include Company Secretary and Chief Financial Officer.
7. While formulating the Nomination Remuneration Policy, to ensure that –
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the company and its goals.

8. To take into account financial position of the company, trend in the industry, appointee's qualifications, experience, past performance, past remuneration, etc., and bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders while approving the remuneration payable to managing director, whole time director or manager;
9. To review and approve the remuneration and change in remuneration payable to whole-time director(s);

5. SENIOR MANAGEMENT:

As on end of the Reporting period, the Company has identified following officials as 'Senior Management Personnel (SMP)' in line with the amendment to the Listing Regulations:

Name of the Official	Designation
Shri Rajesh Bhardwaj	Chief Financial Officer (CFO) w.e.f. 22/11/2024
Shri Vipin Kumar Saxena	Chief Executive Officer (CEO) w.e.f. 10/10/2024
Shri Vishant Shetty	Company Secretary & Compliance Officer w.e.f. 08/12/2023 *

** Mr. Vishant Shetty resigned as a Company Secretary and Compliance Officer w.e.f. 22nd June 2025.*

6. BOARD EVALUATION:

The Board has carried out an evaluation of the effectiveness of its functioning, that of the Committees and of individual Directors, pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Feedback from Directors was sought on various parameters including:

- ☞ Structure, composition and role clarity of the Board and Committees.
- ☞ Effectiveness of the deliberations and process management.
- ☞ Board/Committee culture and dynamics.
- ☞ Quality of relationship between Board Members and the Management.
- ☞ Degree of fulfillment of key responsibilities towards stakeholders (by way of monitoring corporate governance practices, participation in the long-term strategic planning, etc.)
- ☞ Extent of co-ordination and cohesiveness between the Board and its Committees.
- ☞ Quality of relationship between Board Members and the Management.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meeting with the Executive and Non- Executive Directors. These meetings were intended to obtain Director's inputs on effectiveness of the Board/ Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting held on March 31, 2025 reviewed the performance of the non-Independent Directors, the Board as a whole and Chairman of the Board after taking into account views of the Executive Director and other Non-Executive Directors.

7. Remuneration paid to the Directors for the financial year ended 31st March 2025

Name of Directors	Category	Sitting Fees	Commission	Salary / Perquisites	Total
Mr. Nikhil Merchant	Chairman & Managing Director	-	-	-	-
Mr. Arun Sinha	Non-Executive & Independent Director	3,00,000	-	-	3,00,000
Mr. Kaiyoze Billimoria	Non-Executive & Independent Director	9,50,000	-	-	9,50,000
Mr. Ashishkumar Bairagra	Non-Executive & Independent Director	9,00,000	-	-	9,00,000
Ms. Maya Sinha	Non-Executive & Independent Director	6,50,000	-	-	6,50,000
Mr. Prabhakar Patil	Non-Executive & Independent Director	7,00,000	-	-	7,00,000
Mr. Paresh Merchant	Non-Executive & Non-Independent Director	-	-	-	-
Mr. Vivek Merchant	Non-Executive & Non-Independent Director	-	-	-	-
Mr. Bhavik Merchant	Non-Executive & Non-Independent Director	-	-	-	-
Mr. Arvind Morbale	Non-Executive & Non-Independent Director	-	-	77,68,731	77,68,731

Note:

a. No severance pay is payable on termination of appointment.

8. GENERAL BODY MEETING:

Date, Time and venue where last three Annual General Meetings of the Company were held and details of special resolutions passed:

Financial Year	Venue	Date & Time	Special Resolution
2021-22	Through VC/ OAVM	08 th November 2024 at 03.00 PM	None
2022-23	Through VC/ OAVM	27 th December 2024 at 11.30 AM	None
2023-24	Through VC/ OAVM	27 th December 2024 at 1:00 PM	None

9. EXTRA ORDINARY GENERAL MEETING:

Location and time, where Last Extra-Ordinary General Meeting of the Company was held and details of special resolution passed:

Date & Time	Venue	Details of Special Resolution Passed:
7 th March 2024 at 11:30 AM	Through VC/ OAVM	1. Appointment of Mr. Nikhil Vasantlal Merchant (DIN:00614790) as Chairperson & Managing Director of the Company.
		2. Appointment of Mr. Arvind Jayasing Morbale (DIN:10366188) as a Whole-Time Director of the Company.
		3. Appointment of Mr. Kaiyoze Beji Billimoria (DIN: 00021204) as an Independent Director of the Company.
		4. Appointment of Mrs. Maya Swaminathan Sinha(DIN: 03056226) as an Independent Director of the Company.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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Date & Time	Venue	Details of Special Resolution Passed:
		5. Appointment of Mr. Ashishkumar Bairagra (DIN: 00049591) as an Independent Director of the Company
		6. Appointment of Mr. Arun Sinha (DIN: 00280485) as an Independent Director of the Company
		7. Appointment of Mr. Prabhakar Reddy Patil (DIN: 00280485) as an Independent Director of the Company.
		8. Change in name of the Company and consequential alteration to MOA and AOA of the Company.

During the year under review, no Extra Ordinary General Meeting was held and convened.

10. POSTAL BALLOT:

No postal ballot was conducted during the year under review.

11. MEANS OF COMMUNICATION:

A Quarterly Results	Quarterly results are approved and taken on record by the board of directors and submitted to the Stock Exchanges as per requirements of the Listing Regulations.
B Newspapers wherein results are normally published	English Newspaper - The Free Press Journal/ Business Standard Vernacular Newspaper - Ahmedabad Express
C Any website, where results are displayed	https://sdhi.co.in/financial-results.html
D Whether the website also displays	
(i) official news releases	Yes
(ii) presentations made to institutional investors or to the analysts	No presentations were made to institutional investors or to the analysts during the year under review.

12. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Day	Wednesday
Date	September 24, 2025
Time	11:30 a.m.
Venue	The 28 th Annual General Meeting of the Company is being conducted through VC/ OAVM.
Financial Year	Begins on 1 st April and ends on 31 st March of the following year.
Dividend Payment date	No dividend is recommended by the board of directors for the financial year ended March 31, 2025.
Name and Address of Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The Company has timely paid the annual listing fee and custodian fees for the financial year ended 31st March 2025.

Stock Codes:

i.	BSE Limited	:	533107
ii.	National Stock Exchange of India Limited	:	SWANDEF
iii.	ISIN of the Company	:	INE542F01020

13. Market Price Data:

Month	BSE			NSE		
	High	Low	Volume (No. of Shares traded)	High	Low	Volume (No. of Shares traded)
April 2024	-	-	-	-	-	-
May 2024	-	-	-	-	-	-
June 2024	-	-	-	-	-	-
July 2024	-	-	-	-	-	-
August 2024	-	-	-	-	-	-
September 2024	-	-	-	-	-	-
October 2024	-	-	-	-	-	-
November 2024	-	-	-	-	-	-
December 2024	-	-	-	-	-	-
January 2025	50.59	35.99	6,269	48.05	37.80	12,000
February 2025	61.46	53.11	1,362	58.39	50.45	3,000
March 2025	90.76	64.53	3,270	86.21	61.30	4,000

The trading in the Company's scrip was resumed with effect from 20/01/2025 on BSE and NSE.

14. Performance in comparison to broad based indices:

Since trading in the scrip has been moved to a weekly trading window, the share price performance relative to broad-based indices cannot be presented.

15. Registrar and Share Transfer Agent:

KFin Technologies 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.

16. Share Transfer System:

The Company has a Board-level Stakeholder's Relationship Committee to examine and redress investor's complaints.

Securities of the listed companies can be transferred only in dematerialized form w.e.f. April 1, 2019. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, mandated all listed companies to issue securities in dematerialized form only, while processing the service request of issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/ exchange of securities certificate, endorsement, sub- division/splitting of securities certificate, consolidation of securities certificates/ folios, transmission.

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17. Distribution of Shareholding as of 31st March 2025:

Number of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares held
Upto - 500	99,092	99.66	13,65,946	2.59
501-1,000	94	0.20	1,30,447	0.25
1,001-2,000	86	0.09	1,18,510	0.22
2,001-3,000	24	0.02	58,408	0.11
3,001-4,000	12	0.01	41,608	0.08
4,001-5,000	5	0.01	22,856	0.04
5,001-10,000	7	0.01	54,467	0.10
10,001 and above	8	0.01	5,08,89,908	96.60
	99,428	100.00	5,26,82,150	100.00

18. Categories of Shareholders as on 31st March 2025:

SN	Particulars	Holdings/Shares held	% to Capital
1.	Promoter/ Promoter Group	5,00,00,000	94.91%
2.	Insurance Companies	2,12,603	0.40
3.	NBFCs registered with RBI	15	0.00
4.	Foreign Portfolio Investor (Corporate)	12,923	0.03
5.	Resident Individuals	17,11,518	3.25
6.	Non-Resident Individuals	59,285	0.11
7.	Bodies Corporate	6,04,139	1.15
8.	Trust	30	0.00
9.	HUF	81,612	0.15
10.	Clearing Members	25	0.00
	Total	5,26,82,150	100.00

19. Dematerialization of Shares and Liquidity:

As on March 31, 2025, 100% equity shares have been dematerialized and have reasonable liquidity on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

20. Address of the correspondence:

The shareholders may send their communications, queries, suggestions and grievances to the Chief Financial Officer at the following address:

Mr. Rajesh Bhardwaj,

Chief Financial Officer

Feltham House, 10 J. N. Heredia Marg, Ballard Estate -Mumbai-400001

Email: sdhi.investors@swan.co.in, Contact No: +91 - 22 – 40587300

21. Plant Location:

Pipavav Port, Post Ucchahiya, Via Rajula, Amreli, Gujarat, 365560

22. List of credit ratings:

There are no debt instruments/fixed deposit program or any scheme or proposal involving mobilization of funds, whether in India or abroad.

23. OTHER DISCLOSURES:

- All related party transactions were on an arm's length basis and have been entered into in the ordinary course of business after approval of the Audit Committee and Shareholders of the Company wherever necessary. There were no material individual transactions with related parties which may have potential

conflict with the interest of the Company at large. The details of the transactions with the related parties are disclosed in the Financial Statements.

2. During the year, the Exchanges have levied fine/penalties of ₹ 2,36,46,624/- on the company for certain non-compliances of SEBI (LODR) Regulations, 2015.

3. Establishment of Vigil Mechanism for Directors and Employees:

The Company has established a vigil mechanism/ Whistle Blower Policy and takes cognizance of complaints and suggestions by employees and others.

4. Details of weblinks of Policies:

1. Related Party Transaction Policy:

www.sdhi.co.in

2. Policy for determining Material Subsidiaries:

There are no material subsidiaries of the company.

3. Whistle Blower Policy:

www.sdhi.co.in

- 5 All mandatory Accounting Standards have been followed in preparation of the financial statements.
6. There was no material, financial and commercial transactions by Senior Management, as defined in Regulation 26 of the Listing Regulations, where they have any personal interest that may have a potential conflict with the interests of the Company at large, requiring disclosures by them to the Board of Directors of the Company.
7. There is no outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments due for conversion which likely to impact on equity.
8. The Company has not raised any fund through preferential allotment or qualified institutions placement, hence the disclosure of details of utilization of the fund as specified under Regulation 32(7A) of the Listing Regulations is not applicable.
9. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount'.

Members are requested to refer note no. 33 forming part of the Annual Audited Financial Statements which set out related party disclosure.

10. Disclosure of certain types of agreement binding listed entities:

There are no agreements impacting management or control of the Company or imposing any restriction or create any liability upon the Company.

11. CEO/CFO Certification:

As required under Regulation 17(8) read with Part B of Schedule II of Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and matters related to internal controls etc. in the prescribed format for the year ended 31st March, 2025.

12. Certificate from Company Secretary in Practice:

A certificate from DM & Associates Company Secretaries LLP, Practicing Company Secretary, has been issued, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of a Company by SEBI and Ministry of Corporate Affairs or any other statutory authority and accordingly the same forms part of this report.

13. Certificate on Corporate Governance:

The compliance certificate received from DM & Associates Company Secretaries LLP, Practicing Company Secretary, regarding compliance of corporate governance requirements is annexed at the end of this Report.

14. Total fees Paid to Statutory Auditors:

Total fees for all services paid by the Company to M/s N. N. Jambusaria & Co., Chartered Accountants, the Statutory Auditor of the Company for the year ended March 31, 2025, is as follows:

Fees for statutory audit and related services	16,30,000
Fees for tax audit and related services	-
Fees for limited review and certification charges	73,000

No fees was paid by the Company, on a consolidated basis, to the Statutory Auditor and to all the entities in the network firm/ network entity of which the statutory auditor is a part.

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

As mentioned in the Directors Report, no case has been reported to the committee during the year under review.

16. Disclosures of the material subsidiaries:

There are no material subsidiaries of the listed entity.

18. 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.

The Board hereby confirms that it has complied with all the 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.

19. Disclosures under Section II of PART II of Schedule V of Companies Act, 2013:

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors paid during the year;
 - Requisite details are furnished under the Annual Return, which is placed on the website of the Company i.e., www.sdhi.co.in
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
 - Not applicable
- (iii) Service contracts, notice period, severance fees;
 - As may be mutually decided by the Board
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.
 - Not applicable

For and on behalf of Board of Directors

Nikhil V. Merchant
Chairman & Managing Director
DIN: 00614790

Paresh V. Merchant
Director
DIN: 00660027

Date: August 01, 2025

Place: Mumbai

DECLARATION BY THE MANAGING DIRECTOR**[Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

I, Nikhil Merchant, Managing Director of the Company, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2024-2025.

For and on behalf of Board of Directors

(Nikhil V. Merchant)
Managing Director
DIN: 00614790

Mumbai, August 01, 2025

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,
The Members of
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

We have examined the compliance of conditions of corporate governance by **SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED ("the Company")** for the year ended March 31, 2025, as prescribed in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

We state that Compliance of the conditions of Corporate Governance is the responsibility of the Management and our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DM & Associates Company Secretaries LLP
Company Secretaries

Savyasachi Joshi
Partner
FCS No. 12752
CP No. 15666
UDIN: F012752G000908427
P.R. Certificate No.: 6584/2025

Place: Mumbai
Date : August 01, 2025

CEO – CFO CERTIFICATE

**[Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]
For the Financial Year ended March 31, 2025**

To the Board of Directors

Swan Defence and Heavy Industries Limited

(formerly known as Reliance Naval & Engineering Limited)

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March, 2025 and based on our knowledge and belief state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the Financial Reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) significant changes, if any, in the internal control over the Financial Reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over Financial Reporting.

Yours sincerely

Rajesh Bhardwaj
Chief Financial Officer

Vipin Saxena
Chief Executive Officer

Date: May 23, 2025

Place: Mumbai

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

Pipavav Port,

Post Ucchaiya, Via Rajula, Amreli,

Gujarat, 365560.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED** having CIN: L35110GJ1997PLC033193 and having its Registered Office at Pipavav Port, Post Ucchaiya, Via Rajula, Amreli, Gujarat, 365560 (hereinafter referred to as 'the Company') and also the information provided to us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	NIKHIL VASANTLAL MERCHANT	00614790	08/12/2023
2.	PARESH VASANTLAL MERCHANT	00660027	08/12/2023
3.	BHAVIK NIKHIL MERCHANT	06389064	08/12/2023
4.	VIVEK PARESH MERCHANT	06389079	08/12/2023
5.	KAIYOZE BEJI BILLIMORIA	00021204	14/12/2023
6.	ASHISHKUMAR BAIRAGRA	00049591	14/12/2023
7.	ARUN SINHA	00280485	14/12/2023
8.	PRABHAKAR REDDY PATIL	00377406	16/12/2023
9.	MAYA SWAMINATHAN SINHA	03056226	14/12/2023
10.	ARVIND JAYASING MORBALE	10366188	14/12/2023

Ensuring the eligibility of/for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai

Date : August 01, 2025

For DM & Associates Company Secretaries LLP

Company Secretaries

Savyasachi Joshi

Partner

FCS No. 12752

CP No. 15666

UDIN: F012752G000910550

P.R. Certificate No.: 6584/2025

Annexure -C**Information pursuant to Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014:****A) Conservation of Energy and Technology Absorption:**

During the year, the Company incurred expenses on energy-efficient equipment as part of the restoration and upgradation of the yard to improve overall energy efficiency. In addition, the Company engaged renowned firms to conduct comprehensive energy audits focused on evaluating the performance of transformers, DG sets, and other high-energy-consuming machinery. These audits have helped identify areas for energy optimization and operational improvements. The initiatives undertaken reflect the Company's commitment to sustainable practices, efficient energy usage, and continuous improvement through the adoption of appropriate technologies and performance monitoring systems.

B) Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Particulars	F.Y. 2024-25	P.Y. 2023-24
	₹ in Lakhs	₹ in Lakhs
Foreign exchange earnings	Nil	Nil
Value of direct imports (C.I.F. Value)	Nil	Nil
Expenditure in foreign currency	1,410.22	475.03

For and on behalf of Board of Directors

Nikhil V. Merchant
Chairman & Managing Director
DIN: 00614790

Paresh V. Merchant
Director
DIN: 00660027

Date: August 01, 2025
Place: Mumbai

Statement of Disclosure of Remuneration

Pursuant to Section 197(12) of the Companies Act, 2013 Read With Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- A. Ratio of the remuneration of each Director to the Median Remuneration of all the Employees of the Company for the Financial Year 2024-25 is as follows:**

NAME OF THE DIRECTORS	RATIO OF THE REMUNERATION OF DIRECTOR TO MEDIAN REMUNERATION
Mr. Nikhil V. Merchant	N.A.
Mr. Paresh V. Merchant	N.A.
Mr. Bhavik N. Merchant	N.A.
Mr. Vivek P. Merchant	N.A.
Mr. Kaiyoze Beji Billimoria	N.A.
Mr. Ashishkumar Bairagra	N.A.
Mr. Prabhakar Reddy Patil	N.A.
Mr. Arun Sinha	N.A.
Ms. Maya Swaminathan Sinha	N.A.
Mr. Arvind Morbale	10.59:1

- B. Details of percentage increase in the remuneration of each Director, Chief Financial Officer, and Company Secretary in the financial year 2024-25 are as Follows:**

Name	Designation	Percentage of increase in remuneration
Mr. Nikhil V. Merchant	Managing Director	N.A.
Mr. Paresh V. Merchant	Non-Executive - Non-Independent Director	N.A.
Mr. Bhavik N. Merchant	Non-Executive - Non-Independent Director	N.A.
Mr. Vivek P. Merchant	Non-Executive - Non-Independent Director	N.A.
Mr. Ashishkumar Bairagra	Non-Executive - Independent Director	N.A.
Mr. Prabhakar Reddy Patil	Non-Executive - Independent Director	N.A.
Ms. Maya Swaminathan Sinha	Non-Executive - Independent Director	N.A.
Mr. Arvind Morbale	Executive Director	N.A.
Mr. Arun Sinha	Non-Executive - Independent Director	N.A.
Mr. Kaiyoze Beji Billimoria	Non-Executive - Independent Director	N.A.
Mr. Rajesh Bhardwaj	Chief Financial Officer	10.00 %
Mr. Vipin Kumar Saxena	Chief Executive Officer	N.A.
Mr. Vishant Shetty (Resigned w.e.f. 22.06.2025)	Company Secretary	N.A.

- C. Percentage increase in the median remuneration of employees in the financial year 2024-25: - 24.92%**

- D. Number of permanent employees on the rolls of the Company as on March 31, 2025: 190**
- E. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:**

The average percentile increases in the salaries of employees other than the managerial personnel in the last Financial Year is **19.03%**. The average percentile increase in the salaries of key managerial personnel is **10.00%**.

- F. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.**

For and on behalf of Board of Directors

Nikhil V. Merchant
Chairman & Managing Director
DIN: 00614790

Nikhil V. Merchant
Director
DIN: 00660027

Date: August 01, 2025

Place: Mumbai

Secretarial Audit Report**Form No. MR-3**

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

For the Financial Year Ended March 31, 2025

To,
The Members,

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED** (hereinafter called "the Company"). The 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 March 31, 2025, 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 March 31, 2025 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there-under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment.
5. 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 SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - d. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Company under the financial year under report:
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;

- b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- c. The Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- 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; and
- f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

We report that:

we have relied on the compliance certificates issued by its officers and taken on record by the Board of Directors at their meeting(s) for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. For Income tax laws and compliance with applicable accounting standards we have relied on the Audit report issued by the Statutory Auditors. The following are the major head / group of Acts, Laws and Regulations as applicable to the Company:

- (i) Factories Act, 1948;
- (ii) the Contract Labour (Regulation & Abolition) Act, 1970,;
- (iii) the Employees' Provident Fund & Miscellaneous Provisions Act, 1952;
- (iv) the Industrial Employment (Standing Orders) Act, 1946;
- (v) the Professional Tax Act, 1975;
- (vi) the Payment of Bonus Act, 1965;
- (vii) the Minimum Wages Act, 1948;
- (viii) the Payment of Gratuity Act, 1972;
- (ix) the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
- (x) the Industrial Disputes Act, 1947;
- (xi) the Employees' Compensation Act, 1923;
- (xii) the Maternity Benefit Act, 1961;
- (xiii) the Apprentices Act, 1961;
- (xiv) the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- (xv) the Equal Remuneration Act, 1976;
- (xvi) the Gujarat Labour Welfare Fund Act, 1953 and the Rules made thereunder
- (xvii) Payment of Wages Act 1936;
- (xviii) BOCW, 1996;
- (xix) the Indian Electricity Rules, 1956;
- (xx) the Standards Weights and Measures Act, 1976;
- (xxi) the Hazardous Material Transport Act (HMT), 1975;
- (xxii) the Legal Metrology Act, 2009;
- (xxiii) various environmental laws including those relating to prevention and control of pollution;
- (xxiv) other labour Laws and other incidental laws related to labour and employees;
- (xxv) Acts prescribed under Direct Tax and Indirect Tax;
- (xxvi) Land Revenue laws of respective States;

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

(xxvii) Acts as prescribed under Shop and Establishment Act of various local authorities; and

(xxviii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

1. Non-compliance with the requirements pertaining to minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 read with Regulation 38 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as the Promoter group is currently holding 94.91% of the Share Capital of the Company.
2. Delay in submission of quarterly results for the Quarters ending December 31, 2022, March 31, 2023, June 30, 2023, September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024.
3. Delay in submission of disclosures of related party transactions for half-year ended March 31, 2024 as required under Regulation 23(9) of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations.

*Note - The Company was undergoing the Corporate Insolvency Resolution Process (CIRP) from January 15, 2020, and was consequently unable to comply with various provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). As a result, fines were imposed by the stock exchanges for the respective non-compliances. Upon approval of the resolution plan, the new management assumed control of the Company's operations from the Monitoring Committee on January 4, 2024.

The Company made a waiver application vide email dated September 29, 2023, for waiver of fines amounting to Rs. 4,66,12,360/- which was placed before the Request Review Committee of the Exchange ("Committee") on December 27, 2023. The fines levied on the Company till the date of the approval of resolution plan i.e., December 23, 2022, amounting to ₹ 3,77,42,300/- was waived off by the Committee. However, the Committee did not accede to the request of the waiver of fines amounting to Rs. 88,70,060/- which were imposed for non / delayed compliances of various provisions of the SEBI LODR Regulations post the approval of the resolution plan.

Subsequently, the Company filed another waiver application vide letter dated January 06, 2024, seeking waiver of any fine / penalty for the period from the date of approval of resolution plan i.e., December 23, 2022, till taking over the Company by the Successful Resolution Applicants i.e., January 04, 2024, and sought waiver of fines amounting to Rs. 88,70,060/- for non-compliances with the following Regulations under the SEBI LODR Regulations:

Regulation 24A (March, 2023 quarter) – submission of secretarial audit and secretarial compliance report;

Regulation 27(2) (December, 2022 quarter) – submission of quarterly compliance report on corporate governance;

Regulation 33 (December, 2022, March 2023, June, 2023 and September, 2023 quarters) – submission of financial results;

Regulation 34 (March, 2023 quarter) – submission of annual report;

Regulation 6(1) (December, 2022, March, 2023, June 2023 and September, 2023 quarters) – appointment of qualified company secretary as the compliance officer;

Regulation 17(1) (March, 2023, June 2023, September 2023 and December, 2023 quarters) – composition of Board of directors;

Regulation 17(2) (March, 2023, June 2023, September 2023 and December, 2023 quarters) - requirements pertaining to number of Board meetings;

Regulation 18(1) (March, 2023, June, 2023, September, 2023 and December, 2023 quarters) – constitution of audit committee;

Regulation 19(1)/19(2) (March, 2023, June, 2023, September, 2023 and December, 2023 quarters) – constitution of Nomination and Remuneration Committee;

Regulation 20(1) (March, 2023, June, 2023, September, 2023 and December, 2023 quarters) – constitution of risk management Committee.

The Company was granted a personal hearing before the Internal Regulatory Oversight and Review Group Committee of the Exchange (“IRORG”) on April 29, 2024 and the Company made representations seeking waiver of fines prior to the takeover of the management of the Company i.e., January 04, 2024.

Pursuant to the hearing, the IRORG, through its order dated May 31, 2025, partially acceded to the Company's request. The Committee waived fines imposed under Regulations 17(1), 17(2), 18(1), 19(1)/19(2), and 20(1). However, fines levied for non-compliances under Regulations 6(1), 24A, 33, and 34 were not waived.

We further report that:

Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

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 for meeting convened under shorter notice, if any, were in compliance with Section 173(3) of the Companies Act, 2013 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that in our opinion 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.

We further report that during the audit period, the following specific events have occurred which had a major bearing on the Company's affairs:-

1. The Company received approval from the Registrar of Companies, Ahmedabad on January 2, 2025 for change in name from **Reliance Naval and Engineering Limited** to **Swan Defence and Heavy Industries Limited**.
2. The equity shares of the Company resumed trading on both the BSE Limited and the National Stock Exchange of India Limited with effect from January 20, 2025, under the symbol SWANDEF (BSE Scrip Code: 533107), post name change and re-listing of shares issued under sanctioned resolution plan.

For DM & Associates Company Secretaries LLP

Company Secretaries

ICSI Unique Code L2017MH003500

Savyasachi Joshi

Partner

FCS NO. 12752

CP NO. 15666

UDIN: F012752G000902410

Place: Mumbai

Date: July 31, 2025

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

ANNEXURE - I

To
The Members,
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaliya, Via Rajula, Amreli,
Gujarat, 365560.

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

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these 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. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. 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 DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Savyasachi Joshi
Partner
FCS NO. 12752
CP NO. 15666
UDIN: F012752G000902410

Place: Mumbai
Date: July 31, 2025

Independent Auditor's Report

To
The Members of Swan Defence and Heavy Industries Limited
CIN No. L35110GJ1997PLC033193

Report on the Audit of the 'Standalone Financial Statements'

Opinion

We have audited the accompanying standalone financial statements of Swan Defence and Heavy Industries Limited ("the Company"), which comprises the Balance sheet as at March 31, 2025, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the SFS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SFS give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its profit/loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the SFS' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the SFS under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the SFS.

Emphasis of Matter Paragraph

- i. We draw your attention to Note 2 (B) of accompanying SFS which states that the Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2025, the cost incurred is shown as Capital Work in Progress.
- ii. We draw attention to Note 2.2, 2.3 and 2.4 which states that the Capital Work In Progress (net of impairment) includes assets under construction and installation amounting to INR 15,523.12 lakhs and preoperative expenses which is Nil. The projects amounting to INR 11,854.12 lakhs are in progress for a period of less than one year and the projects amounting to INR 3,669 lakhs are in progress for more than three years.
- iii. We draw your attention to Note 26 of accompanying SFS which states the matter regarding exceptional item that the company has recognized the Right-of-Use (ROU) asset related to the security deposit in the current financial year retrospectively from F.Y. 2022-23 (being the year in which effect of approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 223 lakhs has been reported in exceptional item in the standalone financial statements.
- iv. We draw your attention to Note 13.2 of accompanying SFS which states that during the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 80,595 lakhs.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

- v. We draw your attention to Note 39 of accompanying SFS which states that the Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHIL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which inter alia provides for the following:
1. Reduction and re-organisation of the capital of the Transferee Company.
 2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHIL will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL. The Scheme is inter alia subject to the sanction of National Company Law Tribunal ("NCLT"), Ahmedabad Bench and receipt of necessary approvals from Stock Exchanges and Securities and Exchange Board of India, shareholders/creditors, as may be directed by the NCLT and such other regulatory/statutory authorities, as may be required and the company is in the process seeking the same.
- vi. We draw your attention to Note 24.2 of accompanying SFS which states that during FY 2024-25, the Company has provided for INR 1072.15 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order from April 01, 2024, till the date of actual payment, i.e. August 07, 2024.
- vii. We draw attention to Note 4.2 of accompanying SFS which states that 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.
- viii. We draw attention to Note 5 of accompanying SFS which states that as on March 31, 2025, the Company has given Security Deposit (short-term and long-term) amounting to INR 7,632.94 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit, in current financial year the same has been represented at present value of INR 5458.58 Lakhs as per Ind AS 116. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the certain security deposits kept with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Our opinion on the accompanying SFS is not modified in respect of the above mentioned matter.

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

- i. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditors' report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

- ii. Our opinion on the SFS does not cover the other information and we do not express any form of assurance conclusion thereon.
- iii. In connection with our audit of SFS, our responsibility is to read the other information and, in doing so, consider, whether the other information is materially inconsistent with the SFS, or our knowledge obtained during our audit or otherwise appears to be materially misstated.
- iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard..

Management's Responsibilities for the Statements

- i. The 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 SFS that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 SFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- ii. In preparing the SFS, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- iii. The Company's Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the SFS

Our objectives are to obtain reasonable assurance about whether the SFS 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 SFS.

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 SFS, 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 control 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 company has adequate internal financial controls system in place and the operating effectiveness of such controls.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the SFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the SFS, including the disclosures, and whether the SFS represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the SFS that, individually or in aggregate,

makes it probable that the economic decisions of a reasonably knowledgeable user of the SFS may be influenced. We consider quantitative materiality and qualitative factors (i) in 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 SFS.

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

We also provide TCWG 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.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the SFS of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter Paragraph

- Mr. Vipin Kumar Saxena has been appointed as the Chief Executive Officer (CEO) of the company, with effect from October 10, 2024. The Chief Financial Officer (CFO) of the company, Mr. Rishi Chopra, has tendered his resignation, effective November 22, 2024. The position of CFO has been subsequently filled by the appointment of Mr. Rajesh Bhardwaj, effective November 22, 2024.

Our opinion on the accompanying SFS is not modified in respect of the above mentioned matter..

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements (SFS) comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the company as on the date of signing of these SFS (as restated) which has been taken on record by the Board of Directors of the company, none of the directors of the company incorporated in India is disqualified as on the date of signing of these SFS from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure B”**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement.
 - ii. Bases on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
 - 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 by the Company.
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

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- v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. Based on our examination, which included test checks, in terms of Rule 3 (1) of the Companies (Accounts) Rules, 2014, applicable on or after April 1, 2023, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with. Accordingly, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 about preservation of audit trail for record retention is not applicable for the financial year ended March 31, 2025.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For N. N. Jambusaria & Co.

Chartered Accountants

Firm Reg. No: 104030W

Nimesh Jambusaria

Partner

Membership Number.: 038979

UDIN: 25038979BMIWRO9982

Place: Mumbai

Date: May 23, 2025

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Paragraph 1 under ‘Report on other legal and Regulatory Requirements of Independent Auditor’s Report of even date to the members of Swan Defence and Heavy Industries Limited (“the Company”) on the Standalone Financial Statements for the year ended March 31, 2025

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 and to the best of my knowledge and belief, we state that:-

i. Property, Plant and Equipment

- 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 maintained proper records showing full particulars of intangible assets.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a program of physical verification of its property, plant and equipment in phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, property, plant and equipment were verified during the year. No material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us and on the basis of examination of the records of the company, the company does not have any immovable properties held in their name (other than properties where the company is the lessee and the lease agreement are duly executed in the favour of Lessee) and no requirement of title deeds arises.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.

ii. Inventories

- a) The management has conducted physical verification of inventory at reasonable intervals during the year, in our opinion, the coverage and procedure of such verification by the management is appropriate. As informed to us, any discrepancies of 10% or more in the aggregate for each class of inventory were not noticed on such verification.
- b) According to the information and explanations given to us, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, at any point 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. Loans given

According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any additional investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or other parties during the year. Accordingly, reporting under clause 3 (iii) (a),(b),(c),(d),(e),(f) of the order is not applicable.

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iv. Compliance of Sec 185 & 186

Basis the details and the information received from the management and their representation, we have noted that the company had complied with the provisions of section 185 and 186 of the Act. During the current year, the company has not provided any additional corporate guarantees and securities.

v. Public Deposit

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. Cost Records

According to the information and explanations given 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. Statutory Dues

- a) According to information and explanations given to us and on the basis of our examination of the records of the company, it is regular in depositing undisputed statutory dues including Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, sales-tax, service tax, Duty of Customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities, except the following:-

Name of the Statute	Nature of Dues	Period to which it relates	Amount in INR Lakhs
Employees' Provident Fund	Provident Fund	Various dates before October'2023	78.69
Profession Tax Act	Profession Tax	Various dates before October'2023	0.49

- b) There are no dues in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statute	Nature of Dues	Period to which it relates	Amount in INR Lakhs	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	FY 2018-19	296.70	Assistant Commissioner of Income tax
Income Tax Act, 1961	Income Tax	FY 2019-20	24.66	Assistant Commissioner of Income tax
Income Tax Act, 1961	Income Tax	FY 2017-18	353.82	Assistant Commissioner of Income tax

Name of the Statute	Nature of Dues	Period to which it relates	Amount in INR Lakhs	Forum where dispute is pending
GST Act, 2017	GST	FY 2019-20	351.45	State Tax Officer
GST Act, 2017	GST	FY 2019-20	579.09	State Tax Officer
GST Act, 2017	GST	FY 2019-20	284.37	State Tax Officer
GST Act, 2017	GST	FY 2020-21	188.67	State Tax Officer
GST Act, 2017	GST	FY 2020-21	13.15	State Tax Officer

viii. In our opinion and according to the information and explanations given to us, the company has not surrendered or disclosed as income any transaction not recorded in the books of accounts during the year in the tax assessments under the Income Tax Act, 1961.

ix. Application & Repayment of Loans & Borrowings

- According to the information provided to us by the management, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon;
- According to the information provided to us by the management, the company has not been declared as wilful defaulter by any bank or financial institutions or other lenders.
- The Company has not taken term loan during the year and hence, reporting under clause 3 (ix) (c) is not applicable.
- On an overall examination of the financial statements of the company, we state that company has not raised short term fund during the year.
- The company has not taken any additional funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- The Company has not raised fresh loans during the year on the pledge of securities held in subsidiaries, joint ventures or associate companies.

x. Application of funds raised through public offer

- The company has not raised money by way of Initial Public Offer or further public offer including debt instruments and term loans during the year and hence reporting under clause (x) (a) of the Order is not applicable to the company
- The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause (x)(b) of the Order is not applicable to the company.

xi. Fraud

- Based on the information and explanations given to us by the management, no material fraud has been noticed or reported by the company during the year.
- To the best of our knowledge, owing to (xi) (a), report under sub-section (12) of section 143 of the Companies Act is not required to be filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- No whistle-blower complaints have been received during the year by the company as represented to us by the management.

xii. Nidhi Company

The Company is not a Nidhi company as per the Nidhi Rules, 2014. Hence reporting under Clause 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information and explanations received from the management of the company, the Company has entered into the transactions with related parties in compliance with Section 177 and 188 of Companies Act, 2013, where applicable, for all the balances of related parties and details of related parties sanctions have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013.

xiv. Internal Audit

According to the information and explanation provided to us and based on our examination of the records of the company, the company is required to conduct Internal Audit as per Section 138 of the Companies Act 2013. The company has appointed internal auditor for FY 2024-25 on February 07, 2025.

xv. In our opinion and according to the information and explanations given to us, the company has not entered any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable

xvi. Registration u/s 45-IA of RBI Act

- a) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company
- b) The Company has not conducted any Non-Banking Financial or Housing Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- d) According to the information and explanations provided to us during the course of audit, the Group does not have any Core Investment Company. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

xvii. The company has incurred cash losses amounting to INR 13,282.28 Lakhs during the year losses in the financial year and cash losses of INR 4,191.96 Lakhs were incurred during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year 2024-25.

xix. According to the information and explanations given to us and 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, 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 incapable 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. Corporate Social Responsibility

The company is not required to spend any amount towards Corporate social Responsibility (CSR) and thus there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) or to special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the order is not applicable to the company.

- xxi.** Reporting under clause 3 (xxi) of the Order is not applicable in respect of audit of standalone financial statements of the company, accordingly not commented upon.

For N. N. Jambusaria & Co.

Chartered Accountants

Firm Reg. No: 104030W

Nimesh Jambusaria

Partner

Membership Number.: 038979

UDIN: 25038979BMIWRO9982

Place: Mumbai

Date: May 23, 2025

ANNEXURE “B”

To the Independent Auditor’s Report on the SFS of Swan Defence and Heavy Industries Limited (“the Company”) for the year ended March 31, 2025

(Referred to in Paragraph 2 (A) (f), under ‘Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls with reference to financial statements of Reliance Naval and Engineering Limited (“the Company”) as of March 31, 2025 in conjunction with our audit of the SFS of the Company for the year ended on that date.

In our opinion, the Company has, in all material aspects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the ‘Guidance Note’).

Management’s Responsibility for Internal Financial Controls

The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. 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 Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For N. N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No: 104030W

Nimesh Jambusaria

Partner
Membership Number.: 038979
UDIN: 25038979BMIWRO9982
Place: Mumbai
Date: May 23, 2025

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Standalone Balance Sheet

as at March 31, 2025

		INR in Lakhs	
Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2	1,11,458.60	1,10,756.53
(b) Right-of-use Assets	2	6,503.07	5,999.82
(c) Capital Work in Progress	2	15,523.12	4,306.50
(d) Intangible Assets	2	65.11	-
(e) Financial Assets			
Investments	3	153.49	153.49
(f) Deferred Tax Assets (net)	4	-	-
(g) Other Non Current Assets	5	7,632.94	9,411.28
Total Non Current Assets (A)		1,41,336.33	1,30,627.62
(2) Current Assets			
(a) Inventories	6	1,40,110.68	1,40,539.73
(b) Financial Assets			
(i) Trade Receivables	7	45.66	-
(ii) Cash and Cash Equivalents	8	2,837.54	1,820.94
(iii) Bank Balance other than (ii) Above	9	80.44	73.88
(c) Current Tax Assets (Net)		25.51	5.20
(d) Other Current Assets	10	4,367.87	946.70
Total Current Assets (B)		1,47,467.70	1,43,386.45
TOTAL ASSETS (A+B)		2,88,804.03	2,74,014.07
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	5,268.22	268.22
Share Application Money		-	5,000.00
(b) Other Equity	12	23,919.76	42,069.06
Total Equity (A)		29,187.98	47,337.28
(2) Liabilities			
2.1 Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	2,24,369.00	1,62,574.00
(ii) Lease Liability		6,002.96	7,320.08
(b) Provisions	14	43.01	43.01
Total Non Current Liabilities (B)		2,30,414.97	1,69,937.09
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	18,800.00	50,800.00
(ii) Lease Liability		1,353.50	1,174.76
(iii) Trade Payables	16		
Total outstanding dues of micro and small enterprises		1,214.67	2.50
Total outstanding dues of creditors other than micro and small enterprises		4,437.89	3,678.44
(iv) Other Financial Liabilities	17	3,076.13	1,065.02
(b) Other Current Liabilities	18	273.88	18.98
(c) Provisions	19	45.01	-
Total Current Liabilities (C)		29,201.08	56,739.70
TOTAL EQUITY AND LIABILITIES (A+B+C)		2,88,804.03	2,74,014.07
Material Accounting Policies	1		
Notes forming part of Standalone Financial Statements	2 to 39		

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants

Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner

Membership No. 038979

Place : Mumbai

Date : May 23, 2025

UDIN:25038979BIMIWO9982

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director

DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai

Date : May 23, 2025

Paresh Merchant

Director

DIN : 00660027

Vishant Shetty

Company Secretary

Membership No. A38378

Standalone Statement of Profit and Loss

for the year ended March 31, 2025

INR in Lakhs

Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
I Revenue from Operations	20	703.46	-
II Other Income	21	1,050.62	246.33
III Total Income (I + II)		1,754.08	246.33
IV Expenses			
(a) Cost of Materials Consumed	22	68.91	27.29
(b) Cost of Raw Material Sold		-	-
(c) Changes in Inventories of Work in Progress	22	239.56	-
(d) Employee Benefits Expenses	23	2,188.78	471.91
(e) Finance Costs	24	2,093.50	2,639.23
(f) Depreciation and Amortisation Expenses	2	6,087.85	6,846.25
(g) Other Expenses	25	9,002.14	2,397.64
Total Expenses (IV)		19,680.74	12,382.32
V Profit / (Loss) before Exceptional Items and Tax (III - IV)		(17,926.66)	(12,135.99)
VI Exceptional Items	26		
IndAs Prior Period Adjustment		(222.64)	-
VII Profit / (Loss) Before Tax (V - VI)		(18,149.30)	(12,135.99)
VIII Tax Expense			
- Current Tax		-	-
- Deferred Tax Credit/ (Reversal)		-	-
- Income Tax for Earlier Years		-	-
IX Profit / (Loss) after tax (VII - VIII)		(18,149.30)	(12,135.99)
X 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		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year (X)		-	-
XI Total Comprehensive Income for the year (IX + X)		(18,149.30)	(12,135.99)
XII Earnings per Equity Share of INR 10 each	27		
- Basic (In INR)		(51.64)	(452.47)
- Diluted (In INR)		(51.64)	(452.47)
Material Accounting Policies	1		
Notes forming part of Standalone Financial Statements	2 to 39		

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN:25038979BMMIWO9982

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai
Date : May 23, 2025

Paresh Merchant

Director
DIN : 00660027

Vishant Shetty

Company Secretary
Membership No. A38378

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Standalone Statement of Changes in Equity

for year ended March 31, 2025

A Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2025		As at March 31, 2024	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	26,82,150	268.22	26,82,150	268.22
Add: Shares Issued during the year	5,00,00,000	5,000.00	-	-
Equity Shares at the end of the year	5,26,82,150	5,268.22	26,82,150	268.22

B Other Equity

INR 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, 2023	79,745.87	1,50,011.33	22,791.35	(1,98,513.39)	169.89	54,205.05
Add/(Less):						
Loss for the year	-	-	-	(12,135.99)	-	(12,135.99)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2024	79,745.87	1,50,011.33	22,791.35	(2,10,649.38)	169.89	42,069.06
As at April 01, 2024	79,745.87	1,50,011.33	22,791.35	(2,10,649.38)	169.89	42,069.06
Add/(Less):						
Loss for the year	-	-	-	(18,149.30)	-	(18,149.30)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2025	79,745.87	1,50,011.33	22,791.35	(2,28,798.68)	169.89	23,919.76

Material Accounting Policies 1

Notes forming part of Standalone Financial Statements 2 to 39

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
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Director
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Vishant Shetty

Company Secretary
Membership No. A38378

Standalone Cash Flow Statement

for the year ended March 31, 2025

		INR in Lakhs	
Sr. No.	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	Cash Flow from Operating Activities		
	Profit / (Loss) before Tax	(18,149.30)	(12,135.99)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,087.85	6,846.23
	Interest Income	(113.17)	(8.95)
	Interest on ROU	(547.20)	-
	Exceptional item	222.64	-
	Finance Costs	2,093.50	2,639.23
	Dividend Received	(112)	-
	Balances w/off and impairment	42.99	-
	Operating cash flow before working capital changes	(10,363.81)	(2,659.48)
	Movement in Working Capital and Non Current Assets & Liabilities		
	(Increase) / Decrease in Inventories	429.05	(24.26)
	(Increase) / Decrease Other Non Current Assets	(146.97)	5.62
	(Increase) / Decrease Other Current Assets	(3,509.82)	(462.52)
	Increase in / (Decrease) Other Current Liabilities	3,931.91	(3,892.53)
	Cash Used in Operations	(9,659.64)	(7,033.17)
	Income Taxes (Paid) / Refund	(20.17)	19.43
	Net Cash from Operating Activities	(9,679.81)	(7,013.74)
B	Cash Flow from Investing Activities		
	Purchase of Property, Plant and Equipment	(4,422.85)	(384.86)
	Increase in Capital Work in Progress	(11,854.12)	(637.50)
	FD kept with bank	(6.56)	(73.88)
	Interest Received	113.17	8.95
	Dividend Received	112	-
	Net Cash from Investing Activities	(16,169.24)	(1,087.29)
C	Cash Flow from Financing Activities		
	Finance Costs	(1,021.35)	(2,639.23)
	Share capital money received	-	5,000.00
	Payment to financial creditors as per approved Resolution plan	(50,800.00)	(20,000.00)
	Interest to financial creditors as per NCLT order	(1,908.00)	(685.44)
	Borrowings	80,595.00	28,374.00
	Repayment of Borrowings (Interim funding)	-	(803.94)
	Interest paid of repayment of Borrowings (Interim funding)	-	(133.05)
	Net Cash used in Financing Activities	26,865.65	9,112.34
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	1,016.60	1,011.31
	Cash and Cash Equivalents - Opening balance	1,820.94	809.63
	Cash and Cash Equivalents - Closing balance	2,837.54	1,820.94

Material Accounting Policies 1
Notes forming part of Standalone Financial Statements 2 to 39

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN:25038979BMIWRO9982

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai
Date : May 23, 2025

Paresh Merchant

Director
DIN : 00660027

Vishant Shetty

Company Secretary
Membership No. A38378

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 1

Statement of Material Accounting Policies

General Information

The financial statements comprise financial statements of Swan Defence and Heavy Industries Limited ("SDHI" or "the Company") for the year ended March 31, 2025. SDHI is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The name of the Company has been changed from Reliance Naval and Engineering Limited to Swan Defence and Heavy Industries Limited with effect from January 2, 2025.

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. SDHI has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in India. 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 one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

Under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") had vide its order dated January 15, 2020 initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company. Pursuant to the approval of the Resolution Plan by NCLT order dated December, 23, 2022, the CIRP was concluded. As per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of the Company. On January 04, 2024, the monitoring committee was dissolved on fulfilment of obligations as per the approved resolution plan. New management has taken over control of the Company from January 04, 2024.

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 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;

Notes to Standalone Financial Statements

for the year ended March 31, 2025

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 the financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

- a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- b. Measurement of defined benefit obligations;
- c. Measurement and likelihood of occurrence of provisions and contingencies;
- d. Impairment of investments;
- e. Recognition of deferred tax assets; and
- f. Measurement of recoverable amounts of cash-generating units.

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.

- 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

1.6 Other Material Accounting Policies:

I Property, Plant and Equipments:

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

The initial cost of an asset comprises its purchase price (including import duties and nonrefundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

Machinery spares that meet the definition of property, plant and equipment are capitalised;

Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

Assets costing INR 5,000/- or less are charged to the Statement of Profit & Loss in the year of purchase;

Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

Freehold land is not depreciated;

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Description of Assets	Useful Life Considered (Years)
Heavy Fabrication Area	14/33
SAP/ Technical Know How	10
Vehicles & excavator	8/13/15
Computers and accessories	6
Office equipments	2 to 6
Buildings	40
Furniture Fixture	15
Plant and machinery	18/20/25/30

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. Material 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.
- iv. The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

III Investment property:

Investment property is property (land or a building — or part of a building — or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

IV Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

V Fair Value Measurement:

The Company measures certain financial instruments at fair value at each reporting date;

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs);

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

VI Inventories:

- i. Inventories comprising Closing stock of finished goods, raw material and consumables and spares are valued at lower of cost (on weighted average) and net realisable value after providing for obsolescence and other losses, where considered necessary;
- ii. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;
- iii. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

VII IND AS 116 - Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration. The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use (RoU) asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using Company's incremental borrowing rate on periodic basis. Subsequently, RoU asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in Statement of Profit and Loss using the Company's incremental borrowing rate. If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease. Lease payments associated with short term leases are treated as an expense on systematic basis.

As a Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on systematic basis in the pattern in which benefit from the use of the underlying asset is diminished.

VIII Government Subsidy:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

IX Foreign Currency Transactions:

The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of March 31, 2025 which are accumulated in "Foreign

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Currency Monetary Item Translation Difference Account” and amortised over balance period of liability) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

X Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured a

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till derecognition on the basis of:

- the entity’s business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate (‘EIR’) method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to ‘other income’ in the Statement of Profit and Loss.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset;

Preference shares/Debentures:

Preference shares/Debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Preference shares/Debentures, the fair value of the liability component is determined using a market rate for an equivalent non convertible instrument. This amount is classified as financial liability measured at amortized cost (net of transaction cost) until it is extinguished on redemption.

Transaction cost are apportioned between the liability and equity component of the Preference shares/Debentures based on the allocation of the proceed to the liability and equity component when the instrument are initially recognized.

Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial guarantees:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment

Notes to Standalone Financial Statements

for the year ended March 31, 2025

when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

Derivative financial instruments:

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

XI Earnings per share:

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

XII Non-currents assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

Non – current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

XIII Impairment of Non-financial Assets:

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

Notes to Standalone Financial Statements

for the year ended March 31, 2025

The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

XIV Investment in Subsidiaries:

Investments in equity shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

XV Cash and Cash Equivalents:

Cash and Cash Equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

XVI Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

XVII Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

XVIII Provisions and Contingent Liabilities:

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

XIX Revenue Recognition:

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts:

- (i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.
- (d) Ship Building Financial Assistance recognised over a period of time in respect of contracts which are eligible under SBFA policy when the management can reliably measure the probable receipt of the same.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

- > Based on the nature of the goods, progress w.r.t Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.
 - > For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.
 - > For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed upto reporting date as the same is representative of the satisfaction of performance obligation subject to entitlement of consideration in exchange of goods and/or services.
- (ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.
 - (iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

- (B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo-Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.
- (E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.
- (F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

- (G) Variable Consideration:

Variable considerations like discounts, rebates, refunds, credits, price concessions, penalties (liquidated damages) or other similar items in a Contract are accounted on the basis of contractual provisions/ management estimation and the net amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. The promised consideration can vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

- (H) Other Income

- (i) Rendering of Other Services: Revenue is recognized from rendering of other services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.
- (ii) Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

Notes to Standalone Financial Statements

for the year ended March 31, 2025

- (iii) Income from sale of scrap is accounted for on realisation;
- (iv) Interest income is recognized using the effective interest rate (EIR) method;
- (v) Dividend income on investments is recognised when the right to receive dividend is established;
- (vi) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (vii) Rent for the immovable properties is recognised on accrual basis as per the respective agreements with the parties.

XX Borrowing Costs:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

XXI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

ii. Post-employment benefits:

The Company operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans:

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the 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 obligation is performed at each reporting period end 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 the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

XXII Provision for Current and Deferred Tax:

i. Current tax:

Income-tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

ii. Deferred Tax:

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

XXIII 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 2

A Property, Plant and Equipments

INR in Lakhs

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*	
I Gross Carrying Amount										
As at April 01, 2024	49,833.41	4,91,793.83	505.91	356.06	203.02	5,42,692.23	11,447.83	48,448.78	734.29	6,03,323.13
Additions during the year	3,020.31	1,675.02	136.86	153.51	2.46	4,988.16	2,298.08	-	71.66	7,357.90
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2025	52,853.72	4,93,468.85	642.77	509.57	205.48	5,47,680.39	13,745.91	48,448.78	805.95	6,10,681.03
II Accumulated Depreciation and Impairment										
a Accumulated Depreciation										
As at April 01, 2024	20,663.01	113,593.64	355.57	223.39	190.35	1,35,025.96	5,448.01	17,224.00	369.90	1,58,067.87
Additions during the year	1,001.72	2,948.40	24.54	5.66	0.37	3,980.69	1,794.80	305.81	6.55	6,087.85
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2025	21,664.73	1,16,542.04	380.11	229.05	190.72	1,39,006.65	7,242.81	17,529.81	376.45	1,64,155.72
b Impairment										
As at April 01, 2024	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
Additions during the year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2025	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
III Net Carrying Amount as at 31.03.2025	23,291.60	82,054.30	134.86	176.35	12.25	1,05,669.36	6,503.10	5,789.21	65.11	1,18,026.78
Previous Financial Year										
I Gross Carrying Amount										
As at April 01, 2023	49,833.41	4,91,790.20	505.91	339.97	203.02	5,42,672.51	11,082.69	48,448.78	734.29	6,02,938.27
Additions during the year	-	3.63	-	16.09	-	19.72	365.14	-	-	384.86
account of recalculation of Right-of-use Assets	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	49,833.41	4,91,793.83	505.91	356.06	203.02	5,42,692.23	11,447.83	48,448.78	734.29	6,03,323.13

Notes to Standalone Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Depreciation of Assets	Owned Assets					Leased Assets		Intangible Assets		Total
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
II Accumulated Depreciation and Impairment										
a Accumulated Depreciation										
As at April 01, 2023	19,406.96	1,09,409.89	355.11	222.57	188.93	1,29,583.46	4,350.92	16,917.36	369.90	1,51,221.64
Additions during the year	1,256.05	4,183.75	0.46	0.82	1.42	5,442.50	1,097.09	306.64	-	6,846.23
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	20,663.01	1,13,593.64	355.57	223.39	190.35	1,35,025.96	5,448.01	17,224.00	369.90	1,58,067.87
b Impairment										
As at April 01, 2023	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
Additions during the year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
III Net Carrying Amount as at 31.03.2024	21,273.01	83,327.68	22.54	28.50	10.16	1,04,661.89	5,999.82	6,095.02	-	1,16,756.73

* Other than Internally Generated.

Note -

- 1 There was a large scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit company premises during May 2021. Company has taken up the matter with insurance company for assessing the damage and settlement of claims.
- 2 During the year, management has conducted physical verification of the major fixed assets of the net block as on March 31, 2025.
- 3 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

B Capital Work in Progress	2024-25		2023-24	
	15,523.12		4,306.50	

The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2025, the cost incurred is shown as Capital Work in Progress.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

2.1 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 13 and 15 to the financial statements.

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

INR in Lakhs		
Particulars	2024-25	2023-24
- Assets under construction and installation	15,523.12	4,306.50
- Preoperative expenses	-	-

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

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	11,854.12	-	-	3,669.00	15,523.12
Projects temporarily suspended	-	-	-	-	-

2.4 Completion Schedule of the CWIP

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	15,523.12	-	-	-	15,523.12
Projects temporarily suspended	-	-	-	-	-

Note - 3

Investments

INR in Lakhs						
Particulars	% of holding	Face Value	Numbers		As at March 31, 2025	As at March 31, 2024
			31-Mar-25	31-Mar-24		
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
Reliance Technologies and Systems Private Limited	100.00%	₹ 10	10,000	10,000	1.00	1.00
PDOC Pte. Limited <i>(Incorporated and place of business at Singapore)</i>	100.00%	SGD 1	25,000	25,000	11.74	11.74
					1,909.47	1,909.47
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	153.49	153.49
					153.49	153.49

Notes to Standalone Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Particulars	% of holding	Face Value	Numbers		As at	As at
			31-Mar-25	31-Mar-24	March 31, 2025	March 31, 2024
In Equity Shares of Other Company						
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
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					1,923.52	1,923.52
Total					153.49	153.49

3.1 Refer note no. 1.6(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

INR in Lakhs

Particulars	As at March 31, 2025		As at March 31, 2024	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	153.49	-	153.49	-
Total	153.49	-	153.49	-

3.3 E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4, 2023 which has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company. However the amount of investment in E Complex Pvt Ltd has been fully impaired in earlier years.

Note - 4

Deferred Tax Liabilities/(Assets) (Net)

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

Since the Company has incurred loss during the year ended March 31, 2025 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 5

Other Non Current Assets

(Unsecured and considered good)

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Security Deposits with		
Related Parties (Refer note no. 33)	5,458.58	7,370.00
Others	2,174.36	2,041.28
Total	7,632.94	9,411.28

As on March 31, 2025, the Company has given Security Deposit (short-term and long-term) amounting to INR 7,632.94 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit, in current financial year the same has been represented at present value of INR 5458.58 Lakhs as per Ind AS 116. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the certain security deposits kept with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Note - 6

Inventories

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Raw Materials	10,423.05	10,428.39
Work in progress	1,29,169.44	1,29,409.00
Stores and Spares	518.19	702.34
Total	1,40,110.68	1,40,539.73

6.1 Refer note no. 1.6(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. 13 and 15 to the financial statements.

6.3 During the year management has conducted physical verification of inventory.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 7

Trade Receivables

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables Considered Good - Unsecured	45.66 -	695.23 -
Trade Receivables Credit Impaired	695.23	-
	740.89	695.23
Less: Provision for Credit Impaired	(695.23)	(700.07)
Add: Provision for Credit Impaired reversed	-	4.84
	45.66	-
Total	45.66	-

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

7.2 Ageing of Trade receivable.

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31, 2025
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables Considered Good	-	45.66	-	-	-	45.66
Undisputed Trade Receivables Credit Impaired	-	-	-	-	695.23	695.23
Provision	-	-	-	-	(695.23)	(695.23)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-
Total	-	45.66	-	-	-	45.66

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31, 2024
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables Considered Good	-	-	-	-	-	-
Undisputed Trade Receivables Credit Impaired	-	-	-	-	695.23	695.23
Provision	-	-	-	-	(695.23)	(695.23)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-
Total	-	-	-	-	-	-

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 8

Cash and Cash Equivalents

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Cash in hand	0.30	0.09
Balances with banks		
In Current Accounts	1,233.24	60.29
In Deposit Accounts	1,604.00	1,760.56
Total	2,837.54	1,820.94

Note - 9

Bank Balance Other Than Cash and Cash Equivalents

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Balances with Banks		
In Deposit Accounts	80.44	73.88
Total	80.44	73.88

Note - 10

Other Current Assets

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid Expenses	67.17	66.64
Goods and Service Tax	3,414.35	671.66
Receivables pertaining to other income	57.27	50.01
Less: Provision for doubtful receivable	(16.10)	41.17
Gratuity claim receivable from LIC	12.02	-
Advance against purchase of material / services	32,925.13	50.01
Less: Advance against purchase of material/ services and capital goods Impaired	(32,091.97)	7.52
	833.16	150.87
Shipbuilding Contracts Receivables	740.57	740.57
Less: Shipbuilding Contracts Receivables - Impaired	(740.57)	(740.57)
	-	-
Total	4,367.87	946.70

10.1 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 11

Equity Share Capital

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
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		
5,26,82,150 (Previous Year: 26,82,150) Equity Shares of ₹ 10/- each fully paid up	5,268.22	268.22
Total	5,268.22	268.22

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

INR in Lakhs				
Particulars	As at March 31, 2025		As at March 31, 2024	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	26,82,150	268.22	73,75,91,263	73,759.13
Changes in equity share capital during the year	5,00,00,000	5,000.00	(73,49,09,113)	(73,490.91)
Equity Shares at the end of the year	5,26,82,150	5,268.22	26,82,150	268.22

- a. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity share of INR 10 each in the company. The infusion of the amount happened on October 27, 2023 and share allotment was made to Hazel infra limited on August 07, 2024.

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

Shares held by	As at March 31, 2025		As at March 31, 2024	
	No of Shares	% holding	No of Shares	% holding
Position of Holding of Equity				
Hazel Infra Limited	5,00,00,000	94.91%	-	-
Vistra ITCL India Limited (on behalf of lenders)	-	0.00%	5,27,655	19.67%
Life Insurance Corporation of India	-	0.00%	2,12,603	7.93%
Note - Position of Holding in the previous year post infusion of Equity by Hazel Infra Limited on October 27, 2023.				
Hazel Infra Limited			5,00,00,000	94.91%

11.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of INR 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.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 12

Other Equity

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Reserve		
Opening Balance	79,745.87	79,745.87
Additions during the year	-	-
	79,745.87	79,745.87
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	(2,10,649.38)	(1,98,513.39)
Add:- Profit (loss) for the year as per profit or loss statement	(18,149.30)	(12,135.99)
	(2,28,798.68)	(2,10,649.38)
Other Comprehensive Income		
Opening Balance	169.89	169.89
Add: Movement During the year (net)	-	-
	169.89	169.89
Total	23,919.76	42,069.06

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.
- Further increase in capital reserve during the financial year 2022-23 is on account of extinguishment of value of equity capital based on the resolution plan approved Hon'ble NCLT Ahmedabad bench. (Number of shares extinguished 734,909,113 of INR 10 each amounting to INR 73,490.91 lakhs).

Note - 13

Borrowings

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Secured Loans		
From Banks / Financial Institutions	1,14,400.00	1,33,200.00
Unsecured Loans		
From Body Corporates	1,09,969.00	29,374.00
Total	2,24,369.00	1,62,574.00

Notes to Standalone Financial Statements

for the year ended March 31, 2025

13.1 As per approved resolution plan, amount payable to secured financial creditors, included in above non current secured loan of INR 114,400 lakhs and in current secured loan of INR 18,800 lakhs, which is amounting to total INR 133,200 lakhs.

13.2 During the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 80,595 lakhs.

Note - 14

Provisions

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Employee Benefits	43.01	43.01
Total	43.01	43.01

Note - 15

Short Term Borrowings

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Secured Loans		
From Banks/ Financial Institutions	18,800.00	50,800.00
Total	18,800.00	50,800.00

Note - 16

Trade Payables

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Micro and Small Enterprises	1,214.67	2.50
Others	4,437.89	3,678.44
Total	5,652.56	3,680.94

16.1 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:

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Principal amount remaining unpaid	1,214.67	2.50
Interest due thereon	-	-
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	0.79	0.79
Interest remaining due and payable even in succeeding years	0.79	0.79

Notes to Standalone Financial Statements

for the year ended March 31, 2025

16.2 All trade payables are non interest bearing and payable are settled within normal operating cycle of the Company.

16.3 Aging of Trade payables.

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2025
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	1,212.17	-	-	-	1,212.17
Others	2,268.85	1,814.01	3.72	351.31	4,437.89
Disputed Dues - MSME	-	2.50	-	-	2.50
Disputed Dues - Other	-	-	-	-	-
Total	3,481.02	1,816.51	3.72	351.31	5,652.56

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2024
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	-	-	-	-	-
Others	3,311.02	6.22	12.79	348.41	3,678.44
Disputed dues - MSME	2.50	-	-	-	2.50
Disputed dues - Others	-	-	-	-	-
Total	3,313.52	6.22	12.79	348.41	3,680.94

Note - 17

Other Current Financial Liabilities

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued and due on borrowings	-	835.41
Creditors for Capital Goods	2,472.90	0.26
Statutory Dues	230.52	120.77
Other Payables	372.71	108.58
Total	3,076.13	1,065.02

Note - 18

Other Current Liabilities

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Advances from Customers	273.88	18.98
Total	273.88	18.98

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 19

Current Provisions

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
For Employee Benefits	45.01	-
Total	45.01	-

Note - 20

Revenue from Operations

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Repairs and Fabrication	703.46	-
	703.46	-
Total	703.46	-

Note - 21

Other Income

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Income	113.17	8.95
Interest on ROU	547.20	-
Sale of Scrap	327.68	-
Miscellaneous Income	62.57	237.38
Total	1,050.62	246.33

Note - 22

Cost of Materials Consumed

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Materials, Equipment and Components	68.91	27.29
Total	68.91	27.29

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Changes in Inventories of Work - in - Progress

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
At the end of the year		
Work in progress	1,29,169.44	1,29,409.00
a	1,29,169.44	1,29,409.00
Less :- At the beginning of the year		
Work in progress	1,29,409.00	1,29,409.00
b	1,29,409.00	1,29,409.00
Changes in Inventories (b - a)	239.56	-

Note - 23

Employee Benefits Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, Wages and Allowances	2,155.56	454.78
Contribution to Provident and Other Funds	33.22	17.13
Total	2,188.78	471.91

23.1 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

INR in Lakhs

Particulars	2024-25	2023-24
Employers Contribution to Provident Fund	13.77	9.92
Employers Contribution to Pension Fund	19.45	7.21
Total	33.22	17.13

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

a) Gratuity (Funded)

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

	INR in Lakhs	
Particulars	2024-25	2023-24
Defined Benefit Obligation at beginning of the year	29.51	24.10
Current Service Cost	22.36	6.55
Past Service Cost	-	-
Current Interest Cost	2.21	1.70
Actuarial (Gain) / Loss	12.48	(2.84)
Benefits paid / reversed	-	-
Defined Benefit Obligation at end of the year	66.56	29.51

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

	INR in Lakhs	
Particulars	2024-25	2023-24
Fair Value of Plan Assets at the beginning of the year	134.51	124.93
Expected Return on Plan Assets	9.54	9.07
Actuarial Gain / (Loss)	0.78	0.51
Fair Value of the Assets at the end of the year	144.83	134.51

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

	INR in Lakhs	
Particulars	2024-25	2023-24
Fair Value of Plan Assets at the end of the year	144.83	134.51
Present Value of Defined Benefit Obligation at end of the year	66.56	29.51
Liabilities / (Assets) recognised in the Balance Sheet	(78.27)	(105.00)

iv) Expenses recognised during the year:

	INR in Lakhs	
Particulars	2024-25	2023-24
Current & Past Service Cost	22.36	6.55
Past Service Cost	-	-
Interest Cost	2.21	1.70
Expected Return on Plan Assets	(9.54)	(9.07)
Net Cost Recognised in profit or loss	15.03	(0.82)
Actuarial (Gain) / Loss recognised in other comprehensive income	11.70	(3.35)

The Company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2025, and March 31, 2024, since there is no liability to be reversed in the books of accounts.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

v) Assumptions used to determine the defined benefit obligations:

Particulars	2024-25	2023-24
Mortality Table (LIC)	(IALM (2012-14) Ultimate)	
Discount Rate (p.a.)	6.50%	7.09%
Estimated Rate of Return on Plan Asset	6.50%	7.09%
Expected Rate of increase in Salary (p.a.)	10.00%	7.00%

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:

Particulars	Effect on Gratuity Obligation Increase/(Decrease)	
	2024-25	2023-24
Defined Benefit Obligation - Discount Rate + 100 basis points	(2.85)	(1.13)
Defined Benefit Obligation - Discount Rate - 100 basis points	3.13	1.24
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	2.67	1.27
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(2.64)	(1.23)
Defined Benefit Obligation - Withdrawal Rate - 25% increase	(4.07)	(0.35)
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	4.91	0.36

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 Standalone Financial Statements

for the year ended March 31, 2025

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:

INR in Lakhs		
Particulars	2024-25	2023-24
0 to 1 Year	53.35	53.35
2-5 Years	24.54	12.1
More than 5 Years	31.70	12.24

b) Leave Encashment (Unfunded)

During the FY 2020-21, The 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 a net assets position. However, the Company had continued the gratuity liability on a conservative basis. Accordingly, outstanding liability towards gratuity and leave encashment in notes no. 14 &19 will not match with the above disclosure.

Note - 24

Finance Costs

INR in Lakhs		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Expenses	1,072.15	1,538.83
Interest on Lease Liability	1,020.81	1,097.78
Other Borrowing Costs	0.54	2.62
Total	2,093.50	2,639.23

24.1 During FY 2023-24, the Company has provided for (a) INR 685.44 lakhs being interest on delay in upfront payment as per approved resolution plan as per NCLT Order dated December 23, 2022 till the date of actual payment, i.e. October 26, 2023; and (b) INR 835.41 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order dated December 23, 2022, till March 31, 2024.

24.2 During FY 2024-25, the Company has provided for INR 1072.15 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order from April 01, 2024 till the date of actual payment, i.e. August 07, 2024.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 25**Other Expenses**

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumables, Stores and Spares	174.19	62.64
Power, Fuel and Water	701.56	496.30
Repairs and Maintenance	79.44	84.67
Labour / Fabrication and Subcontractor Charges	1,137.56	635.92
Equipment Hire Charges	251.79	18.85
Rent	28.46	14.86
Testing and Inspection Charges	16.23	43.48
Insurance	176.63	108.46
Rates and Taxes	-	0.02
Communication Expenses	4.30	5.28
Travelling, Conveyance and Vehicle Hire Charges	181.75	17.49
Legal and Professional Charges	5,524.85	573.57
Payment to Auditors (refer note 25.1)	17.03	16.30
Security Expenses	378.21	305.32
Miscellaneous Expenses	330.14	14.48
Total	9,002.14	2,397.64

Note - 25.1 Payment to Auditors includes:

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Audit Fees	16.30	16.30
Certification Charges	0.73	-
Total	17.03	16.30

Notes - 26**Exceptional Items**

The Company has recognized the Right-of-Use (ROU) asset related to the security deposit in the current financial year retrospectively from F.Y. 2022–23 (being the year in which effect of approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 223 lakhs has been reported in exceptional item in the financial results.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 27

Earnings Per Share (Basic and Diluted)

INR in Lakhs

Particulars		As at March 31, 2025	As at March 31, 2024
Loss attributable to the Equity Shareholders		(18,149.30)	(12,135.99)
Amount available for calculation of Basic and Diluted EPS	(a)	(18,149.30)	(12,135.99)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	3,51,47,903	26,82,150
Basic and Diluted Earnings per share of INR 10/- each (in INR)	(a) / (b)	(51.64)	(452.47)

In FY 2024-25, the basis of earnings per share (EPS) changed due to an increase in equity following the allotment of shares to Hazel Infra Limited. This led to a higher weighted average number of shares. This increased the total number of shares, which lowered the EPS.

Note - 28

Contingent Liabilities and Commitments

28.1 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)

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
a)	Guarantees given by Company's Bankers		
i)	Other Bank Guarantees	72.96	72.96
	(Bank Guarantees are provided under contractual/ legal obligations.)		
b)	Contingent Liabilities*		
(i)	Disputed Excise Duty/Custom Duty demands/ Goods and Service tax	1416.74	-
(ii)	Disputed Income Tax demands	675.17	-
c)	Commitments:		
(i)	Capital commitments		
	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	10,100.83	-

*Contingent liability matters are related to the pre CIRP period and CIRP period.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 29

The Company has issued a Bond cum legal undertaking for INR 10,000 lakhs (Previous Year: INR 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 INR 15,300 lakhs (Previous Year : INR 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 INR 1,350 lakhs (Previous Year: INR 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.

Note - 30

Going Concern

The financial statement for the period and year ended March 31, 2025 have been prepared on going concern assumptions by the Board of Directors of the Company.

Note No. - 31

Leases

The Company has entered into a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 5 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:

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

INR in Lakhs

Particulars	Prepaid Lease	Land and Office Building	Total
As at Mar 31, 2023	-	6,731.77	6,731.77
Additions	-	365.14	365.14
Depreciation expense	-	1,097.09	1,097.09
As at Mar 31, 2024	-	5,999.82	5,999.82
Additions	2,249.88	48.20	2,298.08
Depreciation expense	581.12	1,213.68	1,794.80
As at March 31, 2025	1,668.76	4,834.34	6,503.10

Set out below are the carrying amounts of lease liabilities and the movements during the year:

INR in Lakhs

Particulars	March 31, 2025	March 31, 2024
Opening balance	8,494.84	8,946.08
Addition during the year	48.20	365.14
Accretion of interest	1,013.05	1,097.78
Payments of lease liability	(2,199.63)	(1,914.16)
Closing balance	7,356.46	8,494.84
Particulars	March 31, 2025	March 31, 2024
Current	1,353.50	1,174.76
Non-current	6,002.96	7,320.08

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

The following are amounts recognised in profit or loss:

INR in Lakhs

Particulars	March 31, 2025	March 31, 2024
Depreciation expense of right-of-use assets	1,794.80	1,097.09
Interest expense on lease liabilities	1,013.05	1,097.78
Expense relating to short-term leases (included in other expenses)	28.46	14.86
Total amount recognised in profit or loss	2,836.31	2,209.73

Future minimum lease payments under non-cancellable lease:

INR in Lakhs

Sr. No.	Particulars	March 31, 2025	March 31, 2024
1	Amount debited to Statement of Profit and Loss during the year		
1.1	Interest on Lease liability (Included as part of finance cost)	1,013.05	1,097.78
1.2	Depreciation on Right of Use Assets (Included as part of Depreciation and amortisation expenses)	1,794.80	1,097.09
2	Maturity analysis of Lease liability		
i	Due in first year	2,208.67	2,138.60
ii	Due in second to fifth year	4,970.43	6,789.30
iii	Due after fifth year	9,062.87	9,411.43

Amount recognised in the statement of cash flows:

Particulars	April 2024 to March 2025	April 2023 to March 2024
Total cash outflow for leases	2,228.09	1,929.02

Note - 32

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, 2025, and in respect of assets/liabilities as at March 31, 2025.

- 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.

II Revenue from Major Customers :

Revenue from operations includes INR 692.48 lakhs (Previous Year: Nil) from four customers (Previous Year: Nil) having more than 10% of the total revenue.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 33

Related Party Disclosures

a) List of Related parties

1	Ultimate Holding Company	
	Swan Energy Limited	
2	Holding Company	
	Hazel Infra Limited	
3	Subsidiary Companies	Status
	E Complex Private Limited (ECPL) (upto: 04-12-2023)	Resolution Plan Approved on December 4, 2023
	Reliance Technologies and Systems Private Limited (RTSPL)	Ongoing
	PDOC Pte. Ltd. (PDOC)	Ongoing
4	Associates	
	Conceptia Software Technologies Private Limited	Ongoing
5	Key Managerial Personnel	Position
	Mr. Nikhil Vasantlal Merchant	Chairman & Managing Director
	Mr. Paresh Vasantlal Merchant	Director
	Mr. Vivek Paresh Merchant	Director
	Mr. Bhavik Nikhil Merchant	Director
	Mr. Arvind Jayasing Morbale	Whole-time Director
	Mr. Kaiyoze Beji Billimoria	Independent Director
	Mr. Ashishkumar Bairagra	Independent Director
	Mr. Arun Sinha	Independent Director
	Mr. Prabhakar Reddy Patil	Independent Director
	Ms. Maya Swaminathan Sinha	Independent Director
	Mr. Vishant Shetty	Company Secretary
	Mr. Vipin Kumar Saxena (w.e.f. 10-10-2024)	Chief Executive Officer
	Mr. Rishi Chopra (upto 22-11-2024)	Chief Financial Officer
	Mr. Rajesh Bhardwaj (w.e.f. 22-11-2024)	Chief Financial Officer

Note

Mr. Vipin Kumar Saxena has been appointed as the Chief Executive Officer (CEO) of the company, with effect from October 10, 2024. The Chief Financial Officer (CFO) of the Company, Mr. Rishi Chopra, has tendered his resignation, effective November 22, 2024. The position of CFO has been subsequently filled by the appointment of Mr. Rajesh Bhardwaj, effective November 22, 2024.

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. 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

1 Transactions and closing balance with Ultimate Holding Company for the year ended March 31, 2025

INR in Lakhs

Nature of transactions	Swan Energy Limited	TOTAL
Purchase of Goods	3.03	3.03

2 Transactions and closing balance with Immediate Holding Company for the year ended March 31, 2025

INR in Lakhs

Nature of transactions	Hazel Infra Limited	TOTAL
Unsecured Loan	1,09,969.00	1,09,969.00

2 Transactions and closing balance with Subsidiary for the year ended March 31, 2025 (for the period for which relationship exist)

INR in Lakhs

Nature of transactions	Subsidiary Company
	E Complex Private Limited
Lease Rent	426.50
	(426.50)
Infrastructure Facility Charges	1,390.00
	(1,240.00)
Amount Recoverable	414.82
	(136.56)
Security Deposits - Non Current	7,370.00
	(7,370.00)

Figures in brackets represents previous year's amounts..

(*) Closing balance

4 Transactions and closing balance with Associates for the year ended March 31, 2025 (for the period for which relationship exist)

INR in Lakhs

Nature of transactions	Associates	
	Conceptia Software Technologies Pvt Ltd	Total
Dividend received during the year	1.12	1.12
Non Current Investment		
Balance as at March 31, 2025	153.49	153.49
	(153.49)	(153.49)

Figures in brackets represents previous year's amounts.

(**) Closing balance

5 Remuneration Paid to the Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2024-25	2023-24
Mr. Arvind Morbale	Executive Director	77.69	19.50
Mr. Vipin Kumar Saxena	Chief Executive officer	58.08	-
Mr. Rajesh Bhardwaj	Chief Financial officer	25.61	-

Notes to Standalone Financial Statements

for the year ended March 31, 2025

6 Director Sitting Fees Paid to Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2024-25	2023-24
Mr.Ashish K Bairagra	Independent Director	9.00	-
Mrs. Maya Swaminathan Sinha	Independent Director	6.50	-
Mr.Prabhakar Reddy Patil	Independent Director	7.00	-
Mr.Kaiyoze Billimoria	Independent Director	9.50	-
Mr.Arun Sinha	Independent Director	3.00	-

- 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 made are shown under the respective head.

Note - 34

Financial Instruments - Evaluation of risks

Accounting classification and fair values

A Carrying Value as on reporting date & Fair Value hierarchy:

The following table shows carrying amount and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

INR in Lakhs

Particulars	March 31, 2025				Fair Value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Current Investments	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	45.66	45.66	-	-	45.66	45.66
(iii) Cash and Cash Equivalents	-	-	2,837.54	2,837.54	-	-	2,837.54	2,837.54
(iv) Bank Balances Other Than (iii) above	-	-	80.44	80.44	-	-	80.44	80.44
Total	-	-	2,963.64	2,963.64	-	-	2,963.64	2,963.64
Financial Liabilities								
(i) Borrowing	-	-	18,800.00	18,800.00	-	-	18,800.00	18,800.00
(ii) Lease Liability	-	-	1,353.50	1,353.50	-	-	1,353.50	1,353.50
(iii) Trade Payables	-	-	5,652.56	5,652.56	-	-	5,652.56	5,652.56
(iv) Other Financial Liabilities	-	-	3,076.13	3,076.13	-	-	3,076.13	3,076.13
Total	-	-	28,882.19	28,882.19	-	-	28,882.19	28,882.19

Notes to Standalone Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Particulars	March 31, 2024				Fair Value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Current Investments	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	-	-	-	-	-	-
(iii) Cash and Cash Equivalents	-	-	1,820.94	1,820.94	-	-	1,820.94	1,820.94
(iv) Bank Balances Other Than (iii) above	-	-	73.88	73.88	-	-	73.88	73.88
Total	-	-	1,894.82	1,894.82	-	-	1,894.82	1,894.82
Financial Liabilities								
(i) Borrowing	-	-	50,800.00	50,800.00	-	-	50,800.00	50,800.00
(ii) Lease Liability	-	-	1,174.76	1,174.76	-	-	1,174.76	1,174.76
(iii) Trade Payables	-	-	3,680.94	3,680.94	-	-	3,680.94	3,680.94
(iv) Other Financial Liabilities	-	-	1,065.02	1,065.02	-	-	1,065.02	1,065.02
Total	-	-	56,720.72	56,720.72	-	-	56,720.72	56,720.72

With respect to disclosure of fair value of financial instruments such as cash and cash equivalents, other bank balances, trade receivables and other receivables, other current financial assets, borrowings and other current financial liabilities at March 31, 2025 and March 31, 2024 are similar to carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk ; and
- Market risk

The source of risk are as follows -

Risk	Exposure from	Measurement
Credit Risk	Trade Receivable, Cash and cash equivalents, financial assets measured at amortised cost	Credit Ratings
Liquidity Risk	Borrowings, Trade Payables and other liabilities	Cash flow forecast
Market Risk - Interest Rate Risk, Currency Risk and Price Risk	Price risk from investments, currency risk from foreign currency payables	Sensitivity analysis

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which is reviewed by them periodically.

a Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investment in debt securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

The Company's maximum exposure to credit risk as at March 31, 2025 is the carrying value of each class of financial assets.

i Trade and other receivables

Credit risk on trade receivables is limited based on past experience and management's estimate.

Ageing of trade and other receivables that were not impaired is as follows:

Name of the KMP	INR in Lakhs	
	Carrying Amount	
	March 31, 2025	March 31, 2024
Neither Past due nor impaired	-	-
Past due more than 180 days	45.66	-

ii Cash and Cash Equivalents

The Company held cash and bank balance with credit worthy banks of INR 2917.98 Lakhs at March 31, 2025 (March 31, 2024: INR 1894.82 Lakhs). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

b Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing monthly cash flow projections to monitor liquidity requirements. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i Exposure to Liquidity Risk

The company has outstanding borrowing through Current and Non-Current borrowings from Banks / NBFCs and third parties.

Carrying amounts are as below:

Particulars	INR in Lakhs			
	March 31, 2025			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	2,24,369.00	-	2,24,369.00	-
Other Financial Liabilities (Non-Current)	6,002.96	-	2,563.51	3,439.44
Borrowings* - (Current)	18,800.00	18,800.00	-	-
Lease Liability	1,353.50	1,353.50	-	-
Trade Payables	5,652.56	5,652.56	-	-
Other Financial Liabilities (Current)	3,076.13	3,076.13	-	-
Total	2,59,254.15	28,882.19	2,26,932.51	3,439.44

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Carrying amounts are as below:

INR in Lakhs

Particulars	March 31, 2024			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	1,62,574.00	-	1,62,574.00	-
Other Financial Liabilities (Non-Current)	7,320.08	-	3,964.69	3,355.39
Borrowings* - (Current)	50,800.00	50,800.00	-	-
Lease Liability	1,174.76	1,174.76	-	-
Trade Payables	3,680.94	3,680.94	-	-
Other Financial Liabilities (Current)	1,065.02	1,065.02	-	-
Total	2,26,614.80	56,720.72	1,66,538.69	3,355.39

* The amount shown under 'Borrowings - (Current)' includes advances received from subsidiaries, other related parties and other third parties. These have been received in the ordinary course of business and are repayable on demand.

C Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.

i Currency Risk

The Company is exposed to currency risk on account of its trade and other payables in foreign currency. The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.

ii Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

According to the Company interest rate risk exposure is only for floating rate borrowings. Company does not have any floating rate borrowings on any of the Balance Sheet date disclosed in this financial statements.

iii Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments and units of mutual funds.

a Fair value sensitivity analysis for fixed rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.

b Cash flow sensitivity analysis for variable rate Instruments

The Company does not have any variable rate instrument in Financial Assets or Financial Liabilities.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 35

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

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Equity	5,268.22	268.22
Retained Earnings	23,919.76	42,069.06
Total (A)	29,187.98	42,337.28
Borrowing		
Non-Current	2,24,369.00	1,62,574.00
Current	18,800.00	50,800.00
Total (B)	2,43,169.00	2,13,374.00
Capital Gearing Ratio (B/A)	8.33	5.04

Note - 36

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

During the financial years 2023–24 and 2024–25, the Company did not have any revenue from contracts that fall within the scope of Ind AS 115.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 37

Ratios

	Particulars	Numerator	Denominator	Ratio for Mar 2025	Ratio for Mar 2024	Variance	Explanation for variance above 25%
(a)	Current Ratio	Current Assets	Current Liability	5.050	2.530	(99.60)	Current Borrowings has outstanding of one tranche only whereas last year it has two tranches
(b)	Debt-Equity Ratio	Total Debt	Total Equity	8.330	4.480	(85.94)	Reduce 'other equity' due to the loss incurred in the current year.
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	(0.040)	(0.012)	(233.33)	Refer Note no. 24.1 and 24.2.
(d)	Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	(0.474)	(0.236)	(100.85)	Reduce 'other equity' due to the loss incurred in the current year.
(e)	Inventory turnover ratio	Revenue from Operation	Average Inventory	0.005	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(f)	Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	30.79	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(g)	Trade payables turnover ratio	Trade purchases	Average Trade payable	(0.080)	0.005	1,700.00	Due to Payment of Operational creditor.
(h)	Net capital turnover ratio	Revenue from Operation	Working Capital	0.0059	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	(25.80)	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(j)	Return on Capital employed	EBIT	Capital employed	(0.06)	(0.04)	(50.00)	Increase in Unsecured borrowing.
(k)	Return on investment	Net return on investment	Cost of investment	0.07	-	-	Fixed Deposit was held for the shorter period in last year as compare to current year.

Note - 38

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

- (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 did not have any 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 Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHIL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which *inter alia* provides for the following:
 - 1. Reduction and re-organisation of the capital of the Transferee Company.
 - 2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHIL will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

The Scheme is *inter alia* subject to the sanction of National Company Law Tribunal ("NCLT"), Ahmedabad Bench and receipt of necessary approvals from Stock Exchanges and Securities and Exchange Board of India, shareholders/creditors, as may be directed by the NCLT and such other regulatory/statutory authorities, as may be required and the Company is in the process seeking the same.
- (m) All the charges of the Company as appearing on the MCA portal are in the process of being satisfied / modified to give effect of the approved resolution plan as entered into with the financial creditors.

Notes to Standalone Financial Statements

for the year ended March 31, 2025

Note - 39

Other

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

As per the order dated December 23, 2022, by the Ahmedabad bench of the National Company Law Tribunal approving the Resolution Plan of the Company, an amount of INR 5,188.85 lakhs is payable to India Infrastructure Finance Company (UK) Limited. (IIFCL) The liability is capped at INR 5,188.85 lakhs however the amount payable would be converted into USD on the date of payment. As on March 31, 2025 balance amount payable to IIFCL is INR 3,454.28 Lakh.

M/s Mahajan & Aibara Chartered Accountants LLP were appointed as the Internal Auditors for the financial year ending March 31, 2025, on February 7, 2025.

Net amount of INR 4,211.91 lakhs was payable to various overseas parties as on January 15, 2020. The amount to be paid as per approved resolution plan against this amount is NIL. Hence the same is written back in F.Y. 2022-23 and the Company is in process of doing necessary compliance with RBI and FEMA.

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN: 25038979BIMIWRO9982

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai

Date : May 23, 2025

Paresh Merchant

Director
DIN : 00660027

Vishant Shetty

Company Secretary
Membership No. A38378

Independent Auditor's Report

To

The Members of Swan Defence and Heavy Industries Limited

CIN No. L35110GJ1997PLC033193

Report on the Audit of the 'Consolidated Financial Statements' (CFS)

Opinion

We have audited the accompanying Consolidated Financial Statements of Swan Defence and Heavy Industries Limited (hereinafter referred to as "the Parent Company" or "the Company") and its subsidiaries (Parent Company and its Subsidiaries together referred to as "the Group") which include the Group's share of profit in its associate, which comprises the Consolidated Balance Sheet as at March 31, 2025, 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 then ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group and its associates as at March 31, 2025, their consolidated profit/ loss (including consolidated other comprehensive profit/ loss), their consolidated changes in equity and their consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter Paragraph

- i. We draw your attention to Note 3.3 of accompanying CFS which states that as per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31, 2025. There are three subsidiaries of the company and one associate. 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, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr. No.	Name of the Company	Nature of Entity	Status
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP
2	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
3	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active

The group's share of total comprehensive income of these subsidiaries for the year ended March 31, 2025 have not been included in CFS. Accordingly, we do not report in terms of sub-section (3) of Section 143 (including Rule 11 of the Companies (Audit and Auditors) Rules, 2014) of the Act including report on Other Information in so far to the extent these relate to the aforesaid subsidiaries. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information pertaining to the above mentioned subsidiaries are not material to the Group.

- ii. We draw your attention to Note 12.2 of accompanying CFS which states that during the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR. 28,374 lakhs.
- iii. We draw your attention to Note 2(B) of accompanying CFS which states that the Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2025, the cost incurred is shown as Capital Work in Progress.
- iv. We draw attention to Note 2.2, 2.3 and 2.4 of the accompanying CFS which states that the Capital Work in Progress (net of impairment) includes assets under construction and installation amounting to INR 15,523.12 lakhs and preoperative expenses which is Nil. The projects amounting to INR 11,854.12 lakhs are in progress for a period of less than one year and the projects amounting to INR 3,669 lakhs are in progress for more than three years.
- v. We draw your attention to Note 26 of accompanying CFS which states the matter regarding exceptional item that the company has recognized the Right-of-Use (ROU) asset related to the security deposit in the current financial year retrospectively from F.Y. 2022–23 (being the year in which effect of approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 223 lakhs has been reported in exceptional item in the consolidated financial statements.
- vi. We draw your attention to Note 38(l) of accompanying CFS which states that the Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHIL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which inter alia provides for the following:
 - a. Reduction and re-organisation of the capital of the Transferee Company.
 - b. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHIL will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL. The Scheme is inter alia subject to the sanction of National Company Law Tribunal ("NCLT"), Ahmedabad Bench and receipt of necessary approvals from Stock Exchanges and Securities and Exchange Board of India, shareholders/creditors, as may be directed by the NCLT and such other regulatory/statutory authorities, as may be required and the company is in the process seeking the same.
- vii. We draw your attention to 24.2 of accompanying CFS which states that during FY 2024-25, the Company has provided for INR 1072.15 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order from April 01, 2024, till the date of actual payment, i.e. August 07, 2024.
- viii. We draw attention to Note 4.2 of accompanying CFS which states that 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.
- ix. We draw attention to Note 5 of accompanying CFS which states that as on March 31, 2025, the Company has given Security Deposit (short-term and long-term) amounting to INR 7,632.94 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL")

against the land taken from them on lease as a refundable deposit, in current financial year the same has been represented at present value of INR 5458.58 Lakhs as per Ind AS 116. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the certain security deposits kept with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Our opinion on the accompanying CFS is not modified in respect of the above mentioned matters.

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

- i. The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditors' report thereon. The Directors report is expected to be made available to us after the date of this auditor's report.
- ii. Our opinion on the CFS does not cover the other information and we do not express any form of assurance conclusion thereon.
- iii. In connection with our audit of CFS, our responsibility is to read the other information and, in doing so, consider, whether the other information is materially inconsistent with the CFS or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the CFS

- i. The Parent 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 CFS that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- ii. In preparing the CFS, the respective Board of Directors of companies included in the Group are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.
- iii. The respective Board of Directors of companies included in the Group is responsible for overseeing the financial reporting process of each company.
- iv. The 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, 2025.

Auditor's Responsibilities for the Audit of the CFS

Our objectives are to obtain reasonable assurance about whether the CFS 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 CFS.

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

- Identify and assess the risks of material misstatement of the CFS, 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 control 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 company has adequate internal financial controls system 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 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 CFS 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the CFS, including the disclosures, and whether the CFS represent the underlying transactions and events in a manner that achieves fair presentation..

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

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

We also provide TCWG 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.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the CFS of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- i. We did not audit the financial statements of one associate whose share of Profit amounting to INR. 46.47 lakhs for the year ended on March 31, 2025, as considered in the CFS, for which financial information/statements

had not been audited/reviewed by their auditors. This unaudited financial statements have been furnished to us by the management and our opinion on the CFS, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on such unaudited financial information/statements. In our opinion and according to the information and explanation given to us by the management, this financial information is not material to the group.

- ii. Mr. Vipin Kumar Saxena has been appointed as the Chief Executive Officer (CEO) of the company, with effect from October 10, 2024. The Chief Financial Officer (CFO) of the company, Mr. Rishi Chopra, has tendered his resignation, effective November 22, 2024. The position of CFO has been subsequently filled by the appointment of Mr. Rajesh Bhardwaj, effective November 22, 2024.

Our opinion on the accompanying CFS is not modified in respect of the above mentioned matter.

Report on Other Legal and Regulatory Requirements

- (A) With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, audit report of subsidiary companies are not available and audit report of associate company has not been issued until the date of this report and hence, comments if any, have not been included under this clause.
- (B) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid CFS comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Group as on March 31, 2025, taken on record by the Board of Directors of the Holding company and subsidiary companies, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement.
 - ii. Bases on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
 - 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 by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in

writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- vi. Based on our examination, which included test checks performed by us and the respective auditors of the subsidiaries incorporated in India and outside India, in terms of Rule 3 (1) of the Companies (Accounts) Rules, 2014, applicable on or after 1st April, 2023, the Company and its subsidiary companies incorporated in India and outside India have used accounting software for maintaining its books of account for the financial year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Further, during the course of audit, we and respective other auditors, whose reports have been furnished to us by the Management of the Company, have not come across any instance of the audit trail feature being tampered with.

Accordingly, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 about preservation of audit trail for record retention is not applicable for the financial year ended March 31, 2025.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For N. N. Jambusaria & CO.

Chartered Accountants
Firm Reg. No: 104030W

Nimesh Jambusaria

Partner
Membership Number.:038979
UDIN: 25038979BMIWRP2722
Place: Mumbai
Date: May 23, 2025

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

To the Independent Auditor’s Report on the CFS of Swan Defence and Heavy Industries Limited for the year ended March 31, 2025

(Referred to in Paragraph 2 (B) (f), under ‘Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (“the Act”)

Opinion

In conjunction with our audit of the CFS of the Company as of and for the year ended March 31, 2025, we have audited the internal financial controls over financial reporting of Swan Defence and Heavy Industries Limited (‘the Company’), as of that date.

In our opinion, the Company has, in all material aspects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the ‘Guidance Note’).

Management’s Responsibility for Internal Financial Controls

The Company’s Board of Directors of the Company and its subsidiaries, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the respective Companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (the ‘Guidance Note’). 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 respective 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 Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company and its subsidiaries, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 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 whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of such internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiaries, which are incorporated in India.

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 generally accepted accounting principles. A company's internal financial controls over financial reporting include 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

The internal financial controls with reference to financial statements in so far as it relates to an associate, which is company incorporated in India and included in these consolidated financial statements, and 3 subsidiaries which are companies incorporated in India, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited associate company is not material to the Holding Company.

Our opinion is not modified in respect of this matter.

For N. N. Jambusaria & CO.

Chartered Accountants
Firm Reg. No: 104030W

Nimesh Jambusaria

Partner
Membership Number.:038979
UDIN: 25038979BMIWRP2722
Place: Mumbai
Date: May 23, 2025

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Consolidated Balance Sheet

as at March 31, 2025

INR in Lakhs

Particulars	Note	As at March 31, 2025	As at March 31, 2024
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2	1,11,458.60	1,10,756.53
(b) Right-of-use Assets	2	6,503.07	5,999.82
(c) Capital Work-in-Progress	2	15,523.12	4,306.50
(d) Intangible Assets	2	65.11	-
(e) Financial Assets			
(i) Investments	3	526.49	481.14
(f) Deferred Tax Assets (net)	4	-	-
(g) Other Non-Current Assets	5	7,632.94	9,411.28
Total Non-Current Assets (A)		1,41,709.33	1,30,955.27
(2) Current Assets			
(a) Inventories	6	1,40,110.68	1,40,539.73
(b) Financial Assets			
(i) Trade Receivables	7	45.66	-
(ii) Cash and Cash Equivalents	8	2,837.54	1,820.94
(iii) Bank Balance other than (ii) Above	9	80.44	73.88
(c) Current Tax Assets (net)		25.51	5.20
(d) Other Current Assets	10	4,367.87	946.70
Total Current Assets (B)		1,47,467.70	1,43,386.45
TOTAL ASSETS (A+B)		2,89,177.03	2,74,341.72
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	5,268.22	268.22
Share Application Money		-	5,000.00
(b) Other Equity	12	24,292.76	42,396.71
Total Equity (A)		29,560.98	47,664.93
(2) Liabilities			
2.1 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	2,24,369.00	1,62,574.00
(ii) Lease Liability		6,002.96	7,320.08
(b) Provisions	14	43.01	43.01
Total Non-Current Liabilities (B)		2,30,414.97	1,69,937.09
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	18,800.00	50,800.00
(ii) Lease Liability		1,353.50	1,174.76
(iii) Trade Payables	16		
Total outstanding dues of micro and small enterprises		1,214.67	2.50
Total outstanding dues of creditors other than micro and small enterprises		4,437.89	3,678.44
(iv) Other Financial Liabilities	17	3,076.13	1,065.02
(b) Other Current Liabilities	18	273.88	18.98
(c) Provisions	19	45.01	-
Total Current Liabilities (C)		29,201.08	56,739.70
TOTAL EQUITY AND LIABILITIES (A+B+C)		2,89,177.03	2,74,341.72
Material Accounting Policies	1		
Notes forming part of Consolidated Financial Statements	2 to 39		

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants

Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner

Membership No. 038979

Place : Mumbai

Date : May 23, 2025

UDIN:25038979BIMIWRP2722

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director

DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai

Date : May 23, 2025

Paresh Merchant

Director

DIN : 00660027

Vishant Shetty

Company Secretary

Membership No. A38378

Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

INR in Lakhs

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2023
I Revenue from Operations	20	703.46	-
II Other Income	21	1,049.50	246.33
III Total Income (I + II)		1,752.96	246.33
IV Expenses			
(a) Cost of Materials Consumed	22	68.91	27.29
(b) Cost of Raw Material Sold		-	-
(c) Changes in Inventories of Work in Progress	22	239.56	-
(d) Employee Benefits Expenses	23	2,188.78	471.91
(e) Finance Costs	24	2,093.50	2,639.23
(f) Depreciation and Amortisation Expenses	2	6,087.85	6,846.25
(g) Other Expenses	25	9,002.14	2,397.64
Total Expenses (IV)		19,680.74	12,382.32
V Profit / (Loss) before Exceptional Items and Tax (III - IV)		(17,927.78)	(12,135.99)
VI Exceptional Items	26		
IndAs Prior Period Adjustment		(222.64)	-
VII Profit / (Loss) Before Tax (V - VI)		(18,150.42)	(12,135.99)
VIII Tax Expense			
- Current Tax		-	-
- Deferred Tax Credit/ (Reversal)		-	-
- Income Tax for Earlier Years		-	-
IX Profit / (Loss) after tax (VII - VIII)		(18,150.42)	(12,135.99)
X Add:- Consolidated share in the profit/(loss) of associate		46.47	76.50
XI 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		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year (XI)		-	-
XII Total Comprehensive Income for the year (IX + X + XI)		(18,103.95)	(12,059.49)
XIII Earnings per Equity Share of INR 10 each	27		
- Basic (In INR)		(51.51)	(449.62)
- Diluted (In INR)		(51.51)	(449.62)
Material Accounting Policies	1		
Notes forming part of Consolidated Financial Statements	2 to 39		

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN:25038979BMIWRP2722

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai
Date : May 23, 2025

Paresh Merchant

Director
DIN : 00660027

Vishant Shetty

Company Secretary
Membership No. A38378

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Consolidated Statement of Changes in Equity

for year ended March 31, 2025

A Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	2,682,150	268.22	2,682,150	268.22
Add: Shares Issued during the year	50,000,000	5,000.00	-	-
Equity Shares at the end of the year				
Equity Shares at the end of the year	52,682,150	5,268.22	2,682,150	268.22

B Other Equity

INR 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, 2023	79,745.87	1,50,011.33	22,791.35	(1,98,262.24)	169.89	54,456.20
Add/(Less):						
Loss for the year	-	-	-	(12,059.49)	-	(12,059.49)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2024	79,745.87	1,50,011.33	22,791.35	(2,10,321.73)	169.89	42,396.71
As at April 01, 2024	79,745.87	1,50,011.33	22,791.35	(2,10,321.73)	169.89	42,396.71
Add/(Less):						
Loss for the year	-	-	-	(18,103.95)	-	(18,103.95)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2025	79,745.87	1,50,011.33	22,791.35	(2,28,425.68)	169.89	24,292.76

Material Accounting Policies

1

Notes forming part of Consolidated Financial Statements

2 to 39

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants

Firm Reg. No. 104030W

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director

DIN : 00614790

Paresh Merchant

Director

DIN : 00660027

Nimesh N. Jambusaria

Partner

Membership No. 038979

Place : Mumbai

Date : May 23, 2025

UDIN:25038979BIMIWRP2722

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai

Date : May 23, 2025

Vishant Shetty

Company Secretary

Membership No. A38378

Consolidated Cash Flow Statement

for the year ended March 31, 2025

INR in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	Cash Flow from Operating Activities		
	Profit / (Loss) before Tax and associate profit	(18,103.95)	(12,135.99)
	Adjustments for :-		
	Consolidated share in the profit/(loss) of associates	(46.47)	
	Depreciation and Amortisation Expenses	6,087.85	6,846.23
	Interest Income	(113.17)	(8.95)
	Interest on ROU	(547.20)	-
	Exceptional item	222.64	-
	Finance Costs	2,093.50	2,639.23
	Dividend Received	-	-
	Balances w/off and impairment	42.99	-
	Operating cash flow before working capital changes	(10,363.81)	(2,659.48)
	Movement in Working Capital and Non Current Assets & Liabilities		
	(Increase) / Decrease in Inventories	429.05	(24.26)
	(Increase) / Decrease Other Non Current Assets	(146.97)	5.62
	(Increase) / Decrease Other Current Assets	(3,509.82)	(462.52)
	Increase in / (Decrease) Other Current Liabilities	3,931.91	(3,892.53)
	Cash Used in Operations	(9,659.64)	(7,033.17)
	Income Taxes (Paid) / Refund	(20.17)	19.43
	Net Cash from Operating Activities	(9,679.81)	(7,013.74)
B	Cash Flow from Investing Activities		
	Purchase of Property, Plant and Equipment	(4,422.85)	(384.86)
	Increase in Capital Work in Progress	(1,854.12)	(637.50)
	FD kept with bank	(6.56)	(73.88)
	Interest Received	113.17	8.95
	Dividend Received	1.12	-
	Net Cash from Investing Activities	(16,169.24)	(1,087.29)
C	Cash Flow from Financing Activities		
	Finance Costs	(1,021.35)	(2,639.23)
	Share capital money received	-	5,000.00
	Payment to financial creditors as per approved Resolution plan	(50,800.00)	(20,000.00)
	Interest to financial creditors as per NCLT order	(1,908.00)	(685.44)
	Borrowings	80,595.00	28,374.00
	Repayment of Borrowings (Interim funding)	-	(803.94)
	Interest paid of repayment of Borrowings (Interim funding)	-	(133.05)
	Net Cash used in Financing Activities	26,865.65	9,112.34
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	1,016.60	1,011.31
	Cash and Cash Equivalents - Opening balance	1,820.94	809.63
	Cash and Cash Equivalents - Closing balance	2,837.54	1,820.94

Material Accounting Policies 1
Notes forming part of Consolidated Financial Statements 2 to 39

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015
- Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

For N.N. Jambusaria & Co.

Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors

Swan Defence and Heavy Industries Limited

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Paresh Merchant

Director
DIN : 00660027

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN:25038979BIMIWRP2722

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai
Date : May 23, 2025

Vishant Shetty

Company Secretary
Membership No. A38378

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 1

Statement of Significant Accounting Policies

General Information

The consolidated financial statements comprise financial statements of **Swan Defence and Heavy Industries Limited** ("SDHI" or "the Company") for the year ended March 31, 2025. SDHI is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchaiya, Via - Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The name of the Company has been changed from Reliance Naval and Engineering Limited to Swan Defence and Heavy Industries Limited with effect from January 2, 2025.

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. SDHI has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in India. 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 one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

Under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") had vide its order dated January 15, 2020 initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company. Pursuant to the approval of the Resolution Plan by NCLT order dated December, 23, 2022, the CIRP was concluded. As per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of the Company. On January 04, 2024, the monitoring committee was dissolved on fulfilment of obligations as per the approved resolution plan. New management has taken over control of the Company from January 04, 2024.

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 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. 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;

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

1.3 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 financial statements are presented in Indian Rupee (INR), which is the functional currency for the Company.

1.4 Use of Estimates:

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

- a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- b. Measurement of defined benefit obligations;
- c. Measurement and likelihood of occurrence of provisions and contingencies;
- d. Impairment of investments;
- e. Recognition of deferred tax assets; and
- f. Measurement of recoverable amounts of cash-generating units.

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.

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

1.6 Other Material Accounting Policies:

I Property, Plant and Equipments:

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

The initial cost of an asset comprises its purchase price (including import duties and nonrefundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

Machinery spares that meet the definition of property, plant and equipment are capitalised;

Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

Assets costing INR 5,000/- or less are charged to the Statement of Profit & Loss in the year of purchase;

Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

Freehold land is not depreciated;

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Wall	20
Heavy Fabrication Area	14/33
SAP/ Technical Know-how	10
Vehicles & excavator	8/13/15
Computers and accessories	6
Office equipment	2 to 6
Buildings	40
Furniture & Fixture	15
Plant and machinery	18/20/25/30

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. Material 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.
- iv. The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

III Investment Property:

Investment property is property (land or a building — or part of a building — or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss.

IV Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

V Fair Value Measurement:

The Company measures certain financial instruments at fair value at each reporting date;

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs);

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

VI Inventories:

- i. Inventories comprising Closing stock of finished goods, raw material and consumables and spares are valued at lower of cost (on weighted average) and net realisable value after providing for obsolescence and other losses, where considered necessary;
- ii. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- iii. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

VII IND AS 116 - Leases:

TA contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration. The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use (RoU) asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using Company's incremental borrowing rate on periodic basis. Subsequently, RoU asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in Statement of Profit and Loss using the Company's incremental borrowing rate. If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease. Lease payments associated with short-term leases are treated as an expense on systematic basis.

As a Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on systematic basis in the pattern in which benefit from the use of the underlying asset is diminished.

VIII Government Subsidy:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

IX Foreign Currency Transactions:

The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long-term foreign currency monetary items outstanding as of March 31, 2025 which are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over balance period of liability) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

Non-Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

X Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured a

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till derecognition on the basis of:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Preference shares/Debentures:

Preference shares/Debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Preference shares/Debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as financial liability measured at amortized cost (net of transaction cost) until it is extinguished on redemption.

Transaction cost are apportioned between the liability and equity component of the Preference shares/Debentures based on the allocation of the proceed to the liability and equity component when the instrument are initially recognized.

Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Financial guarantees:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

Derivative financial instruments:

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

XI Earnings per share:

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

XII Non-currents assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

XIII Impairment of Non-financial Assets:

“Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;”

The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

XIV Investment in Subsidiaries:

Investments in equity shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

XV Cash and Cash Equivalents:

Cash and Cash Equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

XVI Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

XVII Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

XVIII Provisions and Contingent Liabilities:

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

XIX Revenue Recognition:

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts:

- (i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- (b) the Company's performance creates or enhances an asset (for example, work-in -progress) that the customer controls as the asset is created or enhanced; or
- (c) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.
- (d) Ship Building Financial Assistance recognised over a period of time in respect of contracts which are eligible under SBFA policy when the management can reliably measure the probable receipt of the same.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

- > Based on the nature of the goods, progress w.r.t. Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.
 - > For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.
 - > For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed upto reporting date as the same is representative of the satisfaction of performance obligation subject to entitlement of consideration in exchange of goods and/or services.
- (ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- (iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.
- (B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo-Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.
- (C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.
- (E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.
- (F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

- (G) Variable Consideration:

Variable considerations like discounts, rebates, refunds, credits, price concessions, penalties (liquidated damages) or other similar items in a Contract are accounted on the basis of contractual provisions/ management estimation and the net amount of consideration to which the company will be entitled in exchange for transferring the promised goods or services to a customer. The promised consideration can vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

- (H) Other Income

- (i) Rendering of Other Services: Revenue is recognized from rendering of other services when the performance obligation is satisfied and the services are rendered in accordance with the

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers;

- (ii) Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;
- (iii) Income from sale of scrap is accounted for on realisation;
- (iv) Interest income is recognized using the effective interest rate (EIR) method;
- (v) Dividend income on investments is recognised when the right to receive dividend is established;
- (vi) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (vii) Rent for the immovable properties is recognised on accrual basis as per the respective agreements with the parties.

XX Borrowing Costs:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

XXI Employee Benefits:

i Short-term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

ii. Post-employment benefits:

The Company operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity.

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans:

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the 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 obligation is performed at each reporting period end 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 the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

XXII Provision for Current and Deferred Tax:

i. Current tax:

Income-tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

ii. Deferred Tax:

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

XXIII 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 2

A Property, Plant and Equipments											INR in Lakhs
	Owned Assets						Leased Assets		Intangible Assets		
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	Total	
I	Gross Carrying Amount										
	As at April 01, 2024										603,323.13
	Additions during the year										7,357.90
	Deductions										-
	As at March 31, 2025										610,681.03
II	Accumulated Depreciation and Impairment										
a	Accumulated Depreciation										
	As at April 01, 2024										158,067.87
	Additions during the year										6,087.85
	Deductions										-
	As at March 31, 2025										1,64,155.72
b	Impairment										
	As at April 01, 2024										3,28,498.53
	Additions during the year										-
	Deductions										-
	As at March 31, 2025										3,28,498.53
III	Net Carrying Amount as at 31.03.2025										1,18,026.78
Previous Financial Year											
I	Gross Carrying Amount										
	As at April 01, 2023										6,02,938.27
	Additions during the year on account of recalculation of Right-of-use Assets										384.86
	Deductions										-
	As at March 31, 2024										6,03,323.13

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

	Owned Assets					Leased Assets		Intangible Assets		Total
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	
II Accumulated Depreciation and Impairment										
a Accumulated Depreciation										
As at April 01, 2023	19,406.96	1,09,409.89	355.11	222.57	188.93	1,29,583.46	4,350.92	16,917.36	369.90	1,51,221.64
Additions during the year	1,256.05	4,183.75	0.46	0.82	1.42	5,442.50	1,097.09	306.64	-	6,846.23
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	20,663.01	1,13,593.64	355.57	223.39	190.35	1,35,025.96	5,448.01	17,224.00	369.90	1,58,067.87
b Impairment										
As at April 01, 2023	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
Additions during the year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2024	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
III Net Carrying Amount as at 31.03.2024	21,273.01	83,327.68	22.54	28.50	10.16	1,04,661.89	5,999.82	6,095.02	-	1,16,756.73

* Other than Internally Generated.

Note -

- 1 There was a large scale damage to Property, Plant and Equipment, Capital Work-in-Progress and Inventories due to cyclone Tauktae which hit company premises during May 2021. Company has taken up the matter with insurance company for assessing the damage and settlement of claims.
- 2 During the year, management has conducted physical verification of the major fixed assets of the net block as on March 31, 2025.
- 3 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

B Capital Work-in-Progress	INR in Lakhs	
	2024-25	2023-24
	15,523.12	4,306.50

The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2025, the cost incurred is shown as Capital Work-in-Progress.

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

2.1 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 13 and 15 to the financial statements.

2.2 **Capital Work-in-Progress (net of impairment) includes:**

INR in Lakhs		
Particulars	2024-25	2023-24
- Assets under construction and installation	15,523.12	4,306.50
- Preoperative expenses	-	-

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

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	11,854.12	-	-	3,669.00	15,523.12
Projects temporarily suspended	-	-	-	-	-

2.4 **Completion Schedule of the CWIP**

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	15,523.12	-	-	-	15,523.12
Projects temporarily suspended	-	-	-	-	-

Note - 3

Investments

INR in Lakhs						
Particulars	% of holding	Face Value	Numbers		As at March 31, 2025	As at March 31, 2024
			31-Mar-25	31-Mar-24		
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	21,709,327	21,709,327	1,896.73	1,896.73
Reliance Technologies and Systems Private Limited	100.00%	₹ 10	10,000	10,000	1.00	1.00
PDOC Pte. Limited <i>(Incorporated and place of business at Singapore)</i>	100.00%	SGD 1	25,000	25,000	11.74	11.74
					1,909.47	1,909.47
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	112,200	112,200	526.49	481.14
					526.49	481.14

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Particulars	% of holding	Face Value	Numbers		As at March 31, 2025	As at March 31, 2024
			31-Mar-25	31-Mar-24		
In Equity Shares of Other Company						
Reliance Underwater Systems Limited <i>(formerly Reliance Lighter than Air Systems Private Limited)</i>	50.00%	₹ 10	140,000	140,000	14.00	14.00
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					1,923.52	1,923.52
Total					526.49	481.14

3.1 Refer note no. 1.6(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

INR in Lakhs

Particulars	As at March 31, 2025		As at March 31, 2024	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	526.49	-	481.14	-
Total	526.49	-	481.14	-

3.3 As per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31, 2025. There are three subsidiaries of the company and one associate. 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, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr no.	Name of the Company	Nature of Entity	Status
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP
2	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
3	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active

3.4 E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4, 2023 which has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company. However the amount of investment in E Complex Pvt. Ltd. has been fully impaired in earlier years.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 4

Deferred Tax Liabilities/(Assets) (Net)

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

Since the Company has incurred loss during the year ended March 31, 2025 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)

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Security Deposits with		
Related Parties (Refer note no. 33)	5,458.58	7,370.00
Others	2,174.36	2,041.28
Total	7,632.94	9,411.28

As on March 31, 2025, the Company has given Security Deposit (short-term and long-term) amounting to INR 7,632.94 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/s E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit, in current financial year the same has been represented at present value of INR 5458.58 Lakhs as per Ind AS 116. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the certain security deposits deposited kept with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Note - 6

Inventories

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Raw Materials	10,423.05	10,428.39
Work-in-Progress	1,29,169.44	1,29,409.00
Stores and Spares	518.19	702.34
Total	1,40,110.68	1,40,539.73

6.1 Refer note no. 1.6(VI) for basis of valuation.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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. 13 and 15 to the financial statements.

6.3 During the year management has conducted physical verification of inventory.

Note - 7

Trade Receivables

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables Considered Good	45.66	695.23
Trade Receivables Credit Impaired	695.23	-
	740.89	695.23
Less: Provision for Credit Impaired	(695.23)	(700.07)
Add: Provision for Credit Impaired reversed	-	4.84
	45.66	-
Total	45.66	-

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

7.2 Ageing of Trade receivable:

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31, 2025
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables Considered Good	-	45.66	-	-	-	45.66
Undisputed Trade Receivables Credit Impaired	-	-	-	-	695.23	695.23
Provision	-	-	-	-	(695.23)	(695.23)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-
Total	-	45.66	-	-	-	45.66

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31, 2024
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables Considered Good	-	-	-	-	-	-
Undisputed Trade Receivables Credit Impaired	-	-	-	-	695.23	695.23
Provision	-	-	-	-	(695.23)	(695.23)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 8

Cash and Cash Equivalents

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Cash in hand	0.30	0.09
Balances with banks		
In Current Accounts	1,233.24	60.29
In Deposit Accounts	1,604.00	1,760.56
Total	2,837.54	1,820.94

Note - 9

Bank Balance Other Than Cash and Cash Equivalents

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Balances with Banks		
In Deposit Accounts	80.44	73.88
Total	80.44	73.88

Note - 10

Other Current Assets

INR in Lakhs		
Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid Expenses	67.17	66.64
Goods and Service Tax	3,414.35	671.66
Receivables pertaining to other income	57.27	50.01
Less: Provision for doubtful receivable	(16.10)	41.17
Gratuity claim receivable from LIC	12.02	7.52
Advance against purchase of material / services	32,925.13	32,242.84
Less: Advance against purchase of material/ services and capital goods Impaired	(32,091.97)	833.16
Shipbuilding Contracts Receivables	740.57	740.57
Less: Shipbuilding Contracts Receivables - Impaired	(740.57)	-
Total	4,367.87	946.70

10.1 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 11

Equity Share Capital

INR in Lakhs

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Authorised		
11,00,00,00,000 (Previous Year: 11,00,00,00,000) Equity Shares of INR 10/- each	11,00,000.00	11,00,000.00
4,00,00,00,000 (Previous Year: 4,00,00,00,000) Preference Shares of INR 10/- each	4,00,000.00	4,00,000.00
	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
5,26,82,150 (Previous Year: 26,82,150) Equity Shares of INR 10/- each fully paid up	5,268.22	268.22
Total	5,268.22	268.22

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

INR in Lakhs

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	26,82,150	268.22	73,75,91,263	73,759.13
Changes in equity share capital during the year	5,00,00,000	5,000.00	(73,49,09,113)	(73,490.91)
Equity Shares at the end of the year	5,26,82,150	5,268.22	26,82,150	268.22

- a. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity share of INR 10 each in the company. The infusion of the amount happened on October 27, 2023 and share allotment was made to Hazel infra limited on August 07, 2024.

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

Shares held by	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	% Holding	No. of Shares	% Holding
Position of Holding of Equity				
Hazel Infra Limited	5,00,00,000	94.91%	-	-
Vistra ITCL India Limited (on behalf of lenders)	-	0.00%	5,27,655	19.67%
Life Insurance Corporation of India	-	0.00%	2,12,603	7.93%

Note - Position of Holding in the previous year post infusion of Equity by Hazel Infra Limited on October 27, 2023.

Hazel Infra Limited 5,00,00,000 94.91%

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

11.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of INR 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.

Note - 12

Other Equity

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Reserve		
Opening Balance	79,745.87	79,745.87
Additions during the year	-	-
	79,745.87	79,745.87
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	(2,10,321.73)	(1,98,262.24)
Add:- Profit(loss) for the year as per profit or loss statement	(18,103.95)	(12,059.49)
	(2,28,425.68)	(2,10,572.88)
Other Comprehensive Income		
Opening Balance	169.89	169.89
Add: Movement During the year (net)	-	-
	169.89	169.89
Total	24,292.76	42,396.71

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.
- Further increase in capital reserve during the financial year 2022-23 is on account of extinguishment of value of equity capital based on the resolution plan approved Hon'ble NCLT Ahmedabad bench. (Number of shares extinguished 73,49,09,113 of INR 10 each amounting to INR 73,490.91 lakhs)

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 13

Borrowings

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Secured Loans		
From Banks/ Financial Institutions	1,14,400.00	1,33,200.00
Unsecured Loans		
Body Corporates	1,09,969.00	29,374.00
Total	2,24,369.00	1,62,574.00

12.1 As per approved resolution plan, amount payable to secured financial creditors, included in above non current secured loan of INR 114,400 lakhs and in current secured loan of ₹ 18,800 lakhs, which is amounting to total INR 133,200 lakhs.

12.2 During the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 80,595 lakhs.

Note - 14

Provisions

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Employee Benefits	43.01	43.01
Total	43.01	43.01

Note - 15

Short-Term Borrowings

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Secured Loans		
From Banks/ Financial Institutions	18,800.00	50,800.00
Total	18,800.00	50,800.00

Note - 16

Trade Payables

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Micro and Small Enterprises	1,214.67	2.50
Others	4,437.89	3,678.44
Total	5,652.56	3,680.94

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- 16.1** 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:

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Principal amount remaining unpaid	1,214.67	2.50
Interest due thereon	-	-
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	0.79	0.79
Interest remaining due and payable even in succeeding years	0.79	0.79

- 16.2** All trade payables are non-interest bearing and payable are settled within normal operating cycle of the Company.

- 16.3** Aging of Trade payables:

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2025
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	1,212.17	-	-	-	1,212.17
Others	2,268.85	1,814.01	3.72	351.31	4,437.89
Disputed Dues - MSME	-	2.50	-	-	2.50
Disputed Dues - Other	-	-	-	-	-
Total	3,481.02	1,816.51	3.72	351.31	5,652.56

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2024
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	-	-	-	-	-
Others	3,311.02	6.22	12.79	348.41	3,678.44
Disputed Dues - MSME	2.50	-	-	-	2.50
Disputed Dues - Other	-	-	-	-	-
Total	3,313.52	6.22	12.79	348.41	3,680.94

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 17

Other Current Financial Liabilities

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued and due on borrowings	-	835.41
Creditors for Capital Goods	2,472.90	0.26
Statutory Dues	230.52	120.77
Other Payables	372.71	108.58
Total	3,076.13	1,065.02

Note - 18

Other Current Liabilities

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
Advances from Customers	273.88	18.98
Total	273.88	18.98

Note - 19

Current Provisions

INR in Lakhs

Particulars	As at March 31, 2025	As at March 31, 2024
For Employee Benefits	45.01	-
Total	45.01	-

Note - 20

Revenue from Operations

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Repairs and Fabrication	703.46	-
	703.46	-
Total	703.46	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 21

Other Income

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Income	113.17	8.95
Interest on ROU	547.20	-
Sale of Scrap	327.68	-
Miscellaneous Income	61.45	237.38
Total	1,049.50	246.33

Note - 22

Cost of Materials Consumed

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Materials, Equipment and Components	68.91	27.29
Total	68.91	27.29

Changes in Inventories of Work-in-Progress

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
At the end of the year		
Work in progress	1,29,169.44	1,29,409.00
a	1,29,169.44	1,29,409.00
Less :- At the beginning of the year		
Work in progress	1,29,409.00	1,29,409.00
b	1,29,409.00	1,29,409.00
Changes in Inventories (b - a)	239.56	-

Note - 23

Employee Benefits Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, Wages and Allowances	2,155.56	454.78
Contribution to Provident and Other Funds	33.22	17.13
Total	2,188.78	471.91

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

23.1 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

INR in Lakhs		
Particulars	2024-25	2023-24
Employers Contribution to Provident Fund	13.77	9.92
Employers Contribution to Pension Fund	19.45	7.21
Total	33.22	17.13

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 build up the final obligation.

a) Gratuity (Funded)

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

INR in Lakhs		
Particulars	2024-25	2023-24
Defined Benefit Obligation at beginning of the year	29.51	24.10
Current Service Cost	22.36	6.55
Past Service Cost	-	-
Current Interest Cost	2.21	1.70
Actuarial (Gain) / Loss	12.48	(2.84)
Benefits paid / reversed		
Defined Benefit Obligation at end of the year	66.56	29.51

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

INR in Lakhs		
Particulars	2024-25	2023-24
Fair Value of Plan Assets at the beginning of the year	134.51	124.93
Expected Return on Plan Assets	9.54	9.07
Actuarial Gain / (Loss)	0.78	0.51
Fair Value of the Assets at the end of the year	144.83	134.51

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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

INR in Lakhs

Particulars	2024-25	2023-24
Fair Value of Plan Assets at the end of the year	144.83	134.51
Present Value of Defined Benefit Obligation at end of the year	66.56	29.51
Liabilities / (Assets) recognised in the Balance Sheet	(78.27)	(105.00)

iv) Expenses recognised during the year:

INR in Lakhs

Particulars	2024-25	2023-24
Current & Past Service Cost	22.36	6.55
Past Service Cost	-	-
Interest Cost	2.21	1.70
Expected Return on Plan Assets	(9.54)	(9.07)
Net Cost Recognised in profit or loss	15.03	(0.82)
Actuarial (Gain) / Loss recognised in other comprehensive income	11.70	(3.35)

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2025, and March 31, 2024, since there is no liability to be reversed in the books of accounts.

v) Assumptions used to determine the defined benefit obligations:

INR in Lakhs

Particulars	2024-25	2023-24
Mortality Table (LIC)	IALM (2012-14) Ult	
Discount Rate (p.a.)	6.50%	7.09%
Estimated Rate of Return on Plan Asset	6.50%	7.09%
Expected Rate of increase in Salary (p.a.)	10.00%	7.00%

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

vi) Sensitivity Analysis:

Particulars	Effect on Gratuity Obligation Increase/ (Decrease)	
	2024-25	2023-24
Defined Benefit Obligation - Discount Rate + 100 basis points	(2.85)	(1.13)
Defined Benefit Obligation - Discount Rate - 100 basis points	3.13	1.24
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	2.67	1.27
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(2.64)	(1.23)
Defined Benefit Obligation - Withdrawal Rate - 25% increase	(4.07)	(0.35)
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	4.91	0.36

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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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

INR in Lakhs		
Particulars	2024-25	2023-24
0 to 1 Year	53.35	53.35
2-5 Years	24.54	12.1
More than 5 Years	31.70	12.24

b) Leave Encashment (Unfunded)

During the FY 2020-21, The 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 a net assets position. However, the company had continued the gratuity liability on a conservative basis. Accordingly, outstanding liability towards gratuity and leave encashment in notes no. 14 &19 will not match with the above disclosure.

Note - 24
Finance Costs

INR in Lakhs		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Expenses	1,072.15	1,538.83
Interest on Lease Liability	1,020.81	1,097.78
Other Borrowing Costs	0.54	2.62
Total	2,093.50	2,639.23

24.1 During FY 2023-24, the Company has provided for (a) INR 685.44 lakhs being interest on delay in upfront payment as per approved resolution plan as per NCLT Order dated December 23, 2022 till the date of actual payment, i.e. October 26, 2023; and (b) INR 835.41 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order dated December 23, 2022, till March 31, 2024.

24.2 During FY 2024-25, the Company has provided for INR 1072.15 lakhs being interest on delay in payment of the first tranche as per approved resolution plan as per NCLT Order from April 01, 2024 till the date of actual payment, i.e. August 07, 2024.

Note - 25
Other Expenses

INR in Lakhs		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumables, Stores and Spares	174.19	62.64
Power, Fuel and Water	701.56	496.30

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Repairs and Maintenance	79.44	84.67
Labour / Fabrication and Sub-contractor Charges	1,137.56	635.92
Equipment Hire Charges	251.79	18.85
Rent	28.46	14.86
Testing and Inspection Charges	16.23	43.48
Insurance	176.63	108.46
Rates and Taxes	-	0.02
Communication Expenses	4.30	5.28
Travelling, Conveyance and Vehicle Hire Charges	181.75	17.49
Legal and Professional Charges	5,524.85	573.57
Payment to Auditors (refer note 25.1)	17.03	16.30
Security Expenses	378.21	305.32
Miscellaneous Expenses	330.14	14.48
Total	9,002.14	2,397.64

Note - 25.1 Payment to Auditors includes:

INR in Lakhs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Audit Fees	16.30	16.30
Certification Charges	0.73	-
Total	17.03	16.30

Notes - 26

Exceptional Items

The company has recognized the Right-of-Use (ROU) asset related to the security deposit in the current financial year retrospectively from F.Y. 2022–23 (being the year in which effect of approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 223 lakhs has been reported in exceptional item in the financial results.

Note - 27

Earnings Per Share (Basic and Diluted)

INR in Lakhs

Particulars		For the year ended March 31, 2025	For the year ended March 31, 2024
Loss attributable to the Equity Shareholders		(18,103.95)	(12,059.49)
Amount available for calculation of Basic and Diluted EPS	(a)	(18,103.95)	(12,059.49)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	3,51,47,903	2,682,150
Basic and Diluted Earnings per share of INR 10/- each (in INR)	(a) / (b)	(51.51)	(449.62)

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

In FY 2024-25, the basis of earnings per share (EPS) changed due to an increase in equity following the allotment of shares to Hazel Infra Limited. This led to a higher weighted average number of shares. This increased the total number of shares, which lowered the EPS.

Note - 28

Contingent Liabilities and Commitments

28.1 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)

		INR in Lakhs	
Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
a)	Guarantees given by Company's Bankers		
i)	Other Bank Guarantees	72.96	72.96
	(Bank Guarantees are provided under contractual/legal obligations.)		
b)	Contingent Liabilities*		
i)	Disputed Excise Duty/Custom Duty demands/ Goods and Service tax	1,416.74	-
ii)	Disputed Income Tax demands	675.17	-
c)	Commitments:		
i)	Capital commitments		
	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	10,100.83	-

*Contingent liability matters are related to the pre CIRP period and CIRP period.

Note - 29

The Company has issued a Bond-cum legal undertaking for INR 10,000 lakhs (Previous Year: INR 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 INR 15,300 lakhs (Previous Year : INR 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 INR 1,350 lakhs (Previous Year: INR 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.

Note - 30

Going Concern

The financial statement for the period and year ended March 31, 2025 have been prepared on going concern assumptions by the Board of Directors of the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 31

Leases

The Company has entered into a non-cancellable leasing agreements for Land and Infrastructure Facilities for a period between 5 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:

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

INR in Lakhs

Particulars	Prepaid Lease	Land and Office Buidling	Total
As at Mar 31, 2023	-	6,731.77	6,731.77
Additions	-	365.14	365.14
Depreciation expense	-	1,097.09	1,097.09
As at Mar 31, 2024	-	5,999.82	5,999.82
Additions	2,249.88	48.20	2,298.08
Depreciation expense	581.12	1,213.68	1,794.80
As at March 31, 2025	1,668.76	4,834.34	6,503.10

Set out below are the carrying amounts of lease liabilities and the movements during the year:

INR in Lakhs

Particulars	March 31, 2025	March 31, 2024
Opening balance	8,494.84	8,946.08
Addition during the year	48.20	365.14
Accretion of interest	1,013.05	1,097.78
Payments of lease liability	(2,199.63)	(1,914.16)
Closing balance	7,356.46	8,494.84

INR in Lakhs

Particulars	March 31, 2025	March 31, 2024
Current	1,353.50	1,174.76
Non-current	6,002.96	7,320.08

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

The following are amounts recognised in profit or loss:

INR in Lakhs

Particulars	March 31, 2025	March 31, 2024
Depreciation expense of right-of-use assets	1,794.80	1,097.09
Interest expense on lease liabilities	1,013.05	1,097.78
Expense relating to short-term leases (included in other expenses)	28.46	14.86
Total amount recognised in profit or loss	2,836.31	2,209.73

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(formerly known as Reliance Naval and Engineering Limited)

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Future minimum lease payments under non-cancellable lease:

INR in Lakhs

Sr. No.	Particulars	March 31, 2025	March 31, 2024
1	Amount debited to Statement of Profit and Loss during the year		
1.1	Interest on Lease liability (Included as part of finance cost)	1,013.05	1,097.78
1.2	Depreciation on Right-of-Use Assets (Included as part of Depreciation and amortisation expenses)	1,794.80	1,097.09
2	Maturity analysis of Lease liability		
i	Due in first year	2,208.67	2,138.60
ii	Due in second to fifth year	4,970.43	6,789.30
iii	Due after fifth year	9,062.87	9,411.43

Amount recognised in the statement of cash flows:

INR in Lakhs

Particulars	April 2024 to March 2025	April 2023 to March 2024
Total cash outflow for leases	2,228.09	1,929.02

Note - 32

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, 2025, and in respect of assets/liabilities as at March 31, 2025.

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.

II Revenue from Major Customers :

Revenue from operations includes INR 692.48 lakhs (Previous Year: Nil) from four customers (Previous Year: Nil) having more than 10% of the total revenue.

Note - 33

Related Party Disclosures

a) List of Related parties

1	Ultimate Holding Company	Status
	Swan Energy Limited	
2	Holding Company	
	Hazel Infra Limited	

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

3 Subsidiary Companies	Status
E Complex Private Limited (ECPL) (upto: 04-12-2023)	Resolution Plan Approved on December 4, 2023
Reliance Technologies and Systems Private Limited (RTSPL)	Ongoing
PDOC Pte. Ltd. (PDOC)	Ongoing
4 Associates	
Conceptia Software Technologies Private Limited	Ongoing
5 Key Managerial Personnel	Position
Mr. Nikhil Vasantlal Merchant	Chairman & Managing Director
Mr. Paresh Vasantlal Merchant	Director
Mr. Vivek Paresh Merchant	Director
Mr. Bhavik Nikhil Merchant	Director
Mr. Arvind Jayasing Morbale	Whole-time Director
Mr. Kaiyoze Beji Billimoria	Independent Director
Mr. Ashishkumar Bairagra	Independent Director
Mr. Arun Sinha	Independent Director
Mr. Prabhakar Reddy Patil	Independent Director
Ms. Maya Swaminathan Sinha	Independent Director
Mr. Vishant Shetty	Company Secretary
Mr. Vipin Kumar Saxena (w.e.f. 10-10-2024)	Chief Executive Officer
Mr. Rishi Chopra (upto 22-11-2024)	Chief Financial Officer
Mr. Rajesh Bhardwaj (w.e.f. 22-11-2024)	Chief Financial Officer

Note

- Mr. Vipin Kumar Saxena has been appointed as the Chief Executive Officer (CEO) of the company, with effect from October 10, 2024. The Chief Financial Officer (CFO) of the company, Mr. Rishi Chopra, has tendered his resignation, effective November 22, 2024. The position of CFO has been subsequently filled by the appointment of Mr. Rajesh Bhardwaj, effective November 22, 2024.

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. 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 Ultimate Holding Company for the year ended March 31, 2025

INR in Lakhs		
Nature of transactions	Swan Energy Limited	TOTAL
Purchase of Goods	3.03	3.03

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

2 Transactions and closing balance with Immediate Holding Company for the year ended March 31, 2025

INR in Lakhs

Nature of transactions	Hazel Infra Limited	
Unsecured Loan	109969.00	109969.00

3 Transactions and closing balance with Subsidiary for the year ended March 31, 2025 (for the period for which relationship exist)

INR in Lakhs

Nature of transactions	Subsidiary Company ECPL	
Lease Rent	426.50 (426.50)	
Infrastructure Facility Charges	1,390.00 (1,240.00)	
Amount Recoverable	414.82 (136.56)	
Security Deposits - Non-Current	7,370.00 (7,370.00)	

Figures in brackets represents previous year's amounts.

(*) Closing balance

4 Transactions and closing balance with Associates for the year ended March 31, 2025 (for the period for which relationship exist)

INR in Lakhs

Nature of transactions	Associates	
	Conceptia Software Technologies Pvt Ltd	Total
Dividend received during the year	1.12	1.12
Share of the Conceptia	46.47	46.47
Non-Current Investment		
Balance as at March 31, 2025	526.49	526.49
Balance as at March 31, 2024	(481.14)	(481.14)

Figures in brackets represents previous year's amounts.

(**) Closing balance

5 Remuneration Paid to the Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2024-25	2023-24
Mr. Arvind Morbale	Executive Director	77.69	19.50
Mr. Vipin Kumar Saxena	Chief Executive Officer	58.08	-
Mr. Rajesh Bharadwaj	Chief Financial Officer	25.61	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

6 Director Sitting Fees Paid to Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2024-25	2023-24
Mr. Ashish K Bairagra	Independent Director	9.00	-
Mrs. Maya Swaminathan Sinha	Independent Director	6.50	-
Mr. Prabhakar Reddy Patil	Independent Director	7.00	-
Mr. Kaiyoze Billimoria	Independent Director	9.50	-
Mr. Arun Sinha	Independent Director	3.00	-

- 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 made are shown under the respective head.

Note - 34

Financial Instruments - Evaluation of Risks

Accounting classification and fair values

A Carrying Value as on reporting date & Fair Value hierarchy:

The following table shows carrying amount and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

INR in Lakhs

Particulars	March 31, 2025				Fair Value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Current Investments	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	45.66	45.66	-	-	45.66	45.66
(iii) Cash and Cash Equivalents	-	-	2,837.54	2,837.54	-	-	2,837.54	2,837.54
(iv) Bank Balances Other Than (iii) above	-	-	80.44	80.44	-	-	80.44	80.44
Total	-	-	2,963.64	2,963.64	-	-	2,963.64	2,963.64
Financial Liabilities								
(i) Borrowings	-	-	18,800.00	18,800.00	-	-	18,800.00	18,800.00
(ii) Lease Liability	-	-	1,353.50	1,353.50	-	-	1,353.50	1,353.50
(iii) Trade Payables	-	-	5,652.56	5,652.56	-	-	5,652.56	5,652.56
(iv) Other Financial Liabilities	-	-	3,076.13	3,076.13	-	-	3,076.13	3,076.13
Total	-	-	28,882.19	28,882.19	-	-	28,882.19	28,882.19

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

INR in Lakhs

Particulars	March 31, 2024				Fair Value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Current Investments	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	-	-	-	-	-	-
(iii) Cash and Cash Equivalents	-	-	1,820.94	1,820.94	-	-	1,820.94	1,820.94
(iv) Bank Balances Other Than (iii) above	-	-	73.88	73.88	-	-	73.88	73.88
Total	-	-	1,894.82	1,894.82	-	-	1,894.82	1,894.82
Financial Liabilities								
(i) Borrowings	-	-	50,800.00	50,800.00	-	-	50,800.00	50,800.00
(ii) Lease Liability	-	-	1,174.76	1,174.76	-	-	1,174.76	1,174.76
(iii) Trade Payables	-	-	3,680.94	3,680.94	-	-	3,680.94	3,680.94
(iv) Other Financial Liabilities	-	-	1,065.02	1,065.02	-	-	1,065.02	1,065.02
Total	-	-	56,720.72	56,720.72	-	-	56,720.72	56,720.72

With respect to disclosure of fair value of financial instruments such as cash and cash equivalents, other bank balances, trade receivables and other receivables, other current financial assets, borrowings and other current financial liabilities at March 31, 2025 and March 31, 2024 are similar to carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.

B Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk ; and
- Market risk

The source of risk are as follows -

Risk	Exposure from	Measurement
Credit Risk	Trade Receivable, Cash and cash equivalents, financial assets measured at amortised cost	Credit Ratings
Liquidity Risk	Borrowings, Trade Payables and other liabilities	Cash flow forecast
Market Risk - Interest Rate Risk, Currency Risk and Price Risk	Price risk from investments, currency risk from foreign currency payables	Sensitivity analysis

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which is reviewed by them periodically.

a Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investment in debt securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The Company's maximum exposure to credit risk as at March 31, 2025 is the carrying value of each class of financial assets.

i Trade and other receivables

Credit risk on trade receivables is limited based on past experience and management's estimate.

Ageing of trade and other receivables that were not impaired is as follows

Particulars	INR in Lakhs	
	Carrying Amount	
	March 31, 2025	March 31, 2024
Neither Past due nor impaired	-	-
Past due more than 180 days	45.66	-

ii Cash and Cash Equivalents

The Company held cash and bank balance with credit worthy banks of ₹ 2917.98 Lakhs at March 31, 2025 (March 31, 2024: INR 1894.82 Lakhs). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

b Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing monthly cash flow projections to monitor liquidity requirements. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i Exposure to Liquidity Risk

The company has outstanding borrowing through Current and Non-Current borrowings from Banks / NBFCs and third parties.

Carrying amounts are as below:

INR in lakhs

Particulars	March 31, 2025			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	2,24,369.00	-	2,24,369.00	-
Other Financial Liabilities (Non-Current)	6,002.96	-	2,563.51	3,439.44
Borrowings* - (Current)	18,800.00	18,800.00	-	-
Lease Liability	1,353.50	1,353.50	-	-
Trade Payables	5,652.56	5,652.56	-	-
Other Financial Liabilities (Current)	3,076.13	3,076.13	-	-
Total	2,59,254.15	28,882.19	2,26,932.51	3,439.44

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Carrying amounts are as below:

INR in lakhs

Particulars	March 31, 2024			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	1,62,574.00	-	1,62,574.00	-
Other Financial Liabilities (Non-Current)	7,320.08	-	3,964.69	3,355.39
Borrowings* - (Current)	50,800.00	50,800.00	-	-
Lease Liability	1,174.76	1,174.76	-	-
Trade Payables	3,680.94	3,680.94	-	-
Other Financial Liabilities (Current)	1,065.02	1,065.02	-	-
Total	2,26,614.80	56,720.72	1,66,538.69	3,355.39

* The amount shown under 'Borrowings - (Current)' includes advances received from subsidiaries, other related parties and other third parties. These have been received in the ordinary course of business and are repayable on demand.

C Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.

i Currency Risk

The Company is exposed to currency risk on account of its trade and other payables in foreign currency. The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.

ii Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

According to the Company interest rate risk exposure is only for floating rate borrowings. Company does not have any floating rate borrowings on any of the Balance Sheet date disclosed in this financial statements.

iii Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments and units of mutual funds.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

a Fair value sensitivity analysis for fixed rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.

b Cash flow sensitivity analysis for variable rate Instruments

The company does not have any variable rate instrument in Financial Assets or Financial Liabilities.

Note - 35

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

INR in Lakhs		
Particulars	March 31, 2025	March 31, 2024
Equity	5,268.22	268.22
Retained Earnings	24,292.76	42,069.06
Total (A)	29,560.98	42,337.28
Borrowings		
Non-Current	2,24,369.00	1,62,574.00
Current	18,800.00	50,800.00
Total (B)	2,43,169.00	2,13,374.00
Capital Gearing Ratio (B/A)	8.23	5.04

Note - 36

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

During the financial years 2023-24 and 2024-25, the company did not have any revenue from contracts that fall within the scope of Ind AS 115.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 37

Ratios

Particulars	Numerator	Denominator	Ratio for Mar 2025	Ratio for Mar 2024	Variance	Explanation for variance above 25%
(a) Current Ratio	Current Assets	Current Liability	5.050	2.530	(99.60)	Current Borrowings has outstanding of one tranche only whereas last year it has two tranches
(b) Debt-Equity Ratio	Total Debt	Total Equity	8.230	4.480	(83.71)	Reduce 'other equity' due to the loss incurred in the current year.
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	(0.040)	(0.012)	(233.33)	Refer Note no. 24.1 and 24.2.
(d) Return on Equity Ratio	Profit after Tax	Average Shareholders Equity	(0.472)	(0.236)	(100.00)	Reduce 'other equity' due to the loss incurred in the current year.
(e) Inventory turnover ratio	Revenue from Operation	Average Inventory	0.005	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(f) Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	30.79	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(g) Trade payables turnover ratio	Trade purchases	Average Trade payable	(0.080)	0.005	1,700.00	Due to Payment of Operational creditor.
(h) Net capital turnover ratio	Revenue from Operation	Working Capital	0.0059	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(i) Net profit ratio	Net Profit after Tax	Revenue from Operation	(25.80)	-	-	Due to a Nil operational income in last year therefore not compared with last year.
(j) Return on Capital employed	EBIT	Capital employed	(0.06)	(0.04)	(50.00)	Increase in Unsecured borrowing.
(k) Return on investment	Net return on investment	Cost of investment	0.07	-	-	Fixed Deposit was held for the shorter period in last year as compare to current year.

Note - 38

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- (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 did not have any 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 Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHIL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which *inter alia* provides for the following:
 1. Reduction and re-organisation of the capital of the Transferee Company.
 2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHIL will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1,000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

The Scheme is *inter alia* subject to the sanction of National Company Law Tribunal ("NCLT"), Ahmedabad Bench and receipt of necessary approvals from Stock Exchanges and Securities and Exchange Board of India, shareholders/creditors, as may be directed by the NCLT and such other regulatory/statutory authorities, as may be required and the company is in the process seeking the same.
- (m) All the charges of the company as appearing on the MCA portal are in the process of being satisfied /modified to give effect of the approved resolution plan as entered into with the financial creditors.

Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Note - 39**Other**

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

As per the order dated December 23, 2022, by the Ahmedabad bench of the National Company Law Tribunal approving the Resolution Plan of the Company, an amount of INR 5,188.85 lakhs is payable to India Infrastructure Finance Company (UK) Limited. (IIFCL). The liability is capped at INR 5,188.85 lakhs however the amount payable would be converted into USD on the date of payment. As on March 31, 2025 balance amount payable to IIFCL is INR 3,454.28 Lakhs.

M/s Mahajan & Aibara Chartered Accountants LLP were appointed as the Internal Auditors for the financial year ending March 31, 2025, on February 7, 2025.

Net amount of INR 4,211.91 lakhs was payable to various overseas parties as on January 15, 2020. The amount to be paid as per approved resolution plan against this amount is Nil. Hence the same is written back in F.Y. 2022-23 and the company is in process of doing necessary compliance with RBI and FEMA.

As per our report of even date**For N.N. Jambusaria & Co.**

Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria

Partner
Membership No. 038979
Place : Mumbai
Date : May 23, 2025
UDIN:25038979BMIWRP2722

For and on behalf of the Board of Directors**Swan Defence and Heavy Industries Limited**

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil Merchant

Chairman & Managing Director
DIN : 00614790

Rajesh Bhardwaj

Chief Financial Officer

Place : Mumbai
Date : May 23, 2025

Paresh Merchant

Director
DIN : 00660027

Vishant Shetty

Company Secretary
Membership No. A38378

FORM AOC - 1**(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)****Statement containing salient features of the financial statement of subsidiaries or associates**

(₹ In lakhs)

Sr. No.	Name of the Subsidiary/Associate	Conceptia Software Technologies Private Limited
1	Reporting Period	2024-25
2	Reporting Currency	₹
3	Share Capital	44.00
4	Reserves and Surplus	1,492.16
5	Total Assets	3,344.06
6	Total Liabilities	1,807.9
7	Investments	0.00
8	Turnover and Total Income	5,944.00
9	Profit/(Loss) before tax	229.48
10	Provision for Taxation	44.62
11	Profit/(Loss) after Taxation	184.86
12	Proposed Dividend	0.00
13	% of Shareholding	25.50

For and on behalf of the Board of Directors**Swan Defence and Heavy Industries Limited**

(Formerly known as Reliance Naval and Engineering Limited)

Nikhil MerchantChairman & Managing Director
DIN : 00614790**Paresh Merchant**Director
DIN : 00660027**Rajesh Bhardwaj**

Chief Financial Officer

Vishant ShettyCompany Secretary
Membership No. A38378

Place : Mumbai

Date: 23rd May 2025