

RELIANCE NAVAL AND ENGINEERING LIMITED

Pipavav Port, Post - Uchhaiya, Via - Rajula, Dist. - Amreli, PIN - 365 560, Gujarat
CIN - L35110GJ1997PLC033193 Phone No.: +91 22 4058 7300 Email: rnel@swan.co.in

REPORT OF THE INDEPENDENT DIRECTOR'S COMMITTEE OF RELIANCE NAVAL AND ENGINEERING LIMITED AT ITS MEETING HELD ON NOVEMBER 22, 2024, IN RELATION TO THE SCHEME OF ARRANGEMENT AND AMALGAMATION BETWEEN TRIUMPH OFFSHORE PRIVATE LIMITED AND RELIANCE NAVAL AND ENGINEERING LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present:

1. Mr. Ashishkumar Bairagra - Chairman
2. Mr. Kaiyoze Billimoria - Member
3. Ms. Maya Sinha - Member

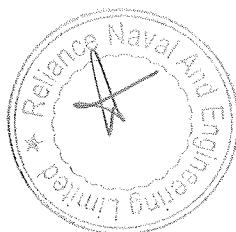
In Attendance:

1. Mr. Nikhil Merchant - Managing Director
2. Mr. Rishi Chopra - Chief Financial Officer
3. Mr. Vishant Shetty - Company Secretary
4. Mr. Rajesh Bhardwaj - Vice President – Finance
5. Mr. Chetan Selarka - Whole-time Director & CFO, Swan Energy Limited
6. Mr. Jignesh Shah - SR VP – Finance & Accounts, Swan Energy Limited
7. Mr. Deepesh Kedia - Company Secretary, Swan Energy Limited

1. Background:

1.1. The Independent Director's Committee at its meeting held on November 22, 2024, was requested to consider and recommend to the Board of Directors, a draft of the proposed Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("TOPL" or "the Transferor Company") and Reliance Naval and Engineering Limited ("RNEL" or "the Transferee Company") and their respective shareholders and creditors ("Scheme"), to be implemented under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and the rules made there under ("Act") and other applicable provisions, if any, of the Act, any other law for the time being in force (including any statutory modifications(s) or re-enactment(s) thereof), and such other applicable rules, regulations, guidelines, and circulars issued by any regulatory authorities from time to time including the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Circular") (as amended from time to time).

1.2. Pursuant to Para A(2)(i) of Part I of the SEBI Circular, a Committee of the Independent Directors is required to review the scheme to ensure that the same is not detrimental to the



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interest of the shareholders of the Company and if, satisfied, recommend the same to the Board of Directors of the Company.

1.3. The Board of directors of the Company, vide its resolution passed on November 11, 2024, constituted a Committee of Independent Directors comprising of all the Independent Directors on the Board of Directors of the Company.

2. While deliberating on the Scheme, the Independent Director's Committee had, *inter-alia*, considered and has taken on record the following documents:

2.1. Draft Scheme of Arrangement and Amalgamation;

2.2. Valuation Report dated November 22, 2024, issued by M/s. Pawan Poddar & Associates (Registration No. IBBI/RV/06/2019/12475), Registered Valuer ("Valuation Report")

2.3. Fairness Opinion Report dated November 22, 2024, issued by M/s. Navigant Corporate Advisors Limited, (Registration No. INM000012243), an Independent SEBI registered Category – I Merchant Banker ("Fairness Opinion"); and

2.4. Statutory Auditors' certificate of N. N. Jambusaria & Co Chartered Accountants (Firm Registration No. 104030W), the Statutory Auditors of the Transferee Company, confirming that the scheme is in compliance with the accounting treatment prescribed under section 133 of the Companies Act and other generally accepted accounting principles;

3. Proposed Scheme

3.1. The Independent Director's Committee noted the need and the rationale of the Scheme, which *inter-alia* is as follows:

a. The rationale for the proposed reduction and re-organisation of capital of the Transferee Company in the manner set out in this Scheme is as under:

(i) The Transferee Company has suffered substantial losses during the past few years and has undergone Corporate Insolvency Resolution Process which has deleveraged its balance sheet substantially.

(ii) As per the audited financial statements of the Transferee Company on 31 March 2024, the Transferee Company carries a debit balance of Retained Earnings



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Account, while it has unutilized credit balances of Capital Reserve and Securities Premium. Accordingly, the Transferee Company believes that utilization of the Capital Reserve and Securities Premium to set off the debit balances in Retained Earnings Account would result in a true and fair reflection of the "Other Equity" in the balance sheet;

- (iii) The Scheme will enable the Transferee Company to explore opportunities for the benefit of the shareholders of the Transferee Company including in the form of dividend payment as per the applicable provisions of the Companies Act, 2013;
 - (iv) The proposed adjustment / set off, of the Securities Premium Account would not have any impact on the shareholding pattern, and the capital structure of the Transferee Company; and
 - (v) The proposed reduction and re-organisation of capital does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations / commitments in the normal course of business.
- b. Both the Transferor Company and the Transferee Company belong to the same group i.e. Swan Energy Ltd. The proposed amalgamation would inter alia have the following benefits:
- (i) The proposed amalgamation will help the group in consolidation of all the activities such as purchase, sale, charter hire, constructions, repairs, etc. of ships, boats, vessels, other transports and conveyances in a single entity which will help the combined business to exploit the complementary capabilities of both companies.
 - (ii) The merged entity would oversee the entire value chain, from vessel design and construction to financing, leasing, and eventual management. This integration enables the company to have greater control over costs, quality, and delivery schedules, resulting in more streamlined operations.
 - (iii) The proposed amalgamation would create a more competitive and diversified entity capable of competing with global players in the shipbuilding and heavy engineering sectors.



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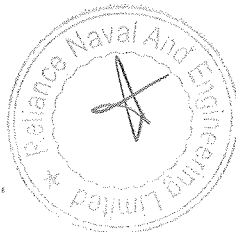
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- (iv) The proposed amalgamation would position the merged entity to benefit from the growing demand for naval defense, energy infrastructure, and commercial shipping in both domestic and international markets.
- (v) The proposed amalgamation would not only create economies of scale, reduction of costs and reduction of compliance burden, but also simplify management and strategic focus, leading to a better long-term performance.

4. The Independent Director's Committee noted the salient features of the Scheme, which *inter-alia* are as under:

- 4.1. This Scheme is presented under Sections 230 to 232 read with section 66 and section 52 and other applicable provisions of the companies act, 2013 and rules made there under, and provides for the following:
 - a. Reduction and re-organisation of capital of the Transferee Company; and
 - b. Amalgamation of Transferor Company with the Transferee Company.
- 4.2. The appointed date for the Scheme is April 1, 2024 ("Appointed Date").
- 4.3. Upon the Scheme becoming effective, the credit balance of following reserves as appearing in books of accounts of the Transferee Company as on the Appointed Date, shall be adjusted against the debit balance of the Retained Earnings Account of the Transferee Company, in the following chronological order:
 - a. Entire credit balance appearing under the Capital Reserve; and
 - b. Securities Premium, to the extent of remaining debit balance of the Retained Earnings Account.
- 4.4. Upon the Scheme becoming effective, the Transferor Company along with all its assets, liabilities, contracts, employees, records etc. being its integral part shall stand transferred to the Transferee Company as a going concern subject to the provisions of the Scheme.
- 4.5. From the Appointed Date and upto the effective date, the Transferor Company and Transferee Company shall carry on its business and activities with reasonable diligence and business prudence.
- 4.6. The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.

5. Scheme not detrimental to the shareholders of the Company:



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The Independent Directors Committee discussed and deliberated upon the rationale and salient features of the Scheme, including as below:

- 5.1. Upon scheme becoming effective and upon amalgamation of the Transferor Company with the Transferee Company in terms of this scheme, the Transferee Company shall issue, Redeemable Preference Shares to the members of the Transferor Company. Accordingly, there will not be any change in the equity shareholding pattern of the Transferee Company, as a result of amalgamation.
- 5.2. The Scheme is expected to have several strategic, economic and regulatory/ compliance benefits for the Company as indicated in the rationale of the Scheme and is expected to be in the best interest of the Transferee Company and shareholders of the Transferee Company.
- 5.3. Therefore, considering the above and other documents presented, the Independent Directors Committee are of the view that the Scheme is not detrimental to the Shareholders of the Company.

6. Recommendation of the Independent Director's Committee:

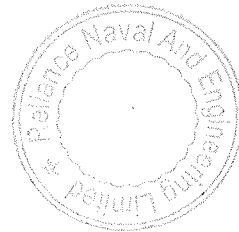
The Independent Director's Committee has taken on record the Valuation Report and the Fairness Opinion and the recommendations made therein.

The Independent Director's Committee has considered and noted the aforementioned draft Scheme and inter alia taking into consideration the valuation report, fairness opinion, certificate issued by Statutory Auditors of the Transferee Company, need and rationale of the scheme, synergies of the business of the companies involved in the Scheme and impact of the Scheme on the Transferee Company and its shareholders, cost benefit analysis of the Scheme, the Independent Director's Committee recommends the draft Scheme to the Board of Directors of the Transferee Company for their favorable consideration and approval.

For Reliance Naval and Engineering Limited



Ashishkumar Bairagra
Chairman of the Independent Director's Committee



Dated: November 22, 2024

Place: Mumbai