

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**TO THE RESOLUTION PROFESSIONAL OF  
RELIANCE NAVAL AND ENGINEERING LIMITED (A Company under Corporate Insolvency Resolution Process vide NCLT order)  
IP Registration No. IBBI/IPA-003/IP-N00080/2017-18/10703**

**Report on the audit of the Standalone Financial Results**

***Qualified Opinion***

We have audited the accompanying statement of standalone financial results of **RELIANCE NAVAL AND ENGINEERING Limited** ("the company") for the quarter and year ended March 31, 2020 (the "Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

During the year, the National Company Law Tribunal ("the NCLT"), Ahmedabad Bench, admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by financial creditors vide order no. CP (IB) No. 418/7/NCLT/AHM/2018 dated January 15, 2020 and appointed an Interim Resolution Professional ("IRP"), Mr. Rajeev Bal Sawangikar, to manage affairs of the Company in accordance with the provisions of the Code. Subsequent to the year, the NCLT, Ahmedabad Bench, vide order no. IA 233/2020 in CP (IB) No. 418/7/NCLT/AHM/2018 dated May 5, 2020 appointed Mr. Sudip Bhattacharya as Resolution Professional ("RP") replacing the IRP according to the resolution passed by the Committee of Creditors unanimously. In view of pendency of the CIRP and suspension of powers of Board of Directors and as explained to us, the powers of adoption of the Statement vests with RP. These standalone financial results are prepared by the Management of the Company and Certified by Mr. Madan Pendse, Chief Financial Officer and approved by RP.

In our opinion and to the best of our information and according to the explanations given to us, *except the possible effects of the matters described in "Basis for Qualified Opinion" Para below*, these financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the quarter and year ended March 31, 2020.

**Basis for Qualified Opinion**

a) *We draw your attention to Note no. 4 to the Statement:*

i) *regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the Standalone financial results cannot be quantified.*

ii) *during to the year, as a part of CIRP, creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, the consequential impact, if any, on the standalone financial results is not currently ascertainable.*

b) *As mentioned in note no. 5 and 6 to the Statement, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been contested by the Company. The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 7 to the Statement, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Company as at March 31, 2020 aggregating to Rs. 402,015 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the standalone financial results of the Company.*

c) *We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.*

We conducted our audit of this standalone financial results in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* 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 standalone financial results under the provisions of the Companies Act, 2013 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.

### **Material Uncertainty Related to Going Concern**

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

Our opinion is not modified in respect of this matter.

### **Emphasis of Matter**

We draw your attention to Note no. 9 to the Statement, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Company.

Our opinion is not modified in respect of this matter.

### **Management's and Resolution Professional's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the standalone financial statements. The Company's Board of Directors are responsible for the preparation of the Statement

that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Resolution Professional 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 the RP either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The RP is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the financial results 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 financial results.

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 financial results, 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 control with reference to financial statements in place and the operating effectiveness of such control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Resolution Professional'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 financial results 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 financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

- a) We draw your attention that the Company has paid managerial remuneration of Rs. 19 Lakhs and Rs. 97 Lakhs for the quarter and year ended March 31, 2020, respectively, to its whole time director as approved by the shareholders of the Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.

Pathak H.D. & Associates LLP  
Chartered Accountants

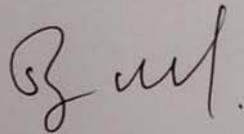
- b) The Statement includes the figures for the quarter ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited year-to-date figures up to December 31, 2019 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us.

Our opinion is not modified in respect of these matters.

**For Pathak H. D. & Associates LLP**

Chartered Accountants

Registration No. 107783W / W100593



**Gyandeo Chaturvedi**

Partner

Membership No. 46806

UDIN: 20046806AAAAAR7279

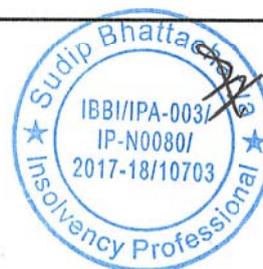
Place: Mumbai

Date: July 31, 2020

#### Statement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2020

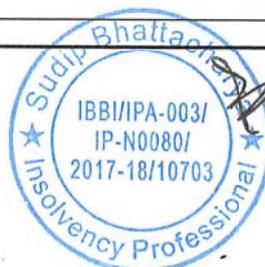
Rs in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Refer Note 19)	Unaudited	(Refer Note 19)	Audited	Audited
1	Revenue from Operations	1,726	1,135	3,539	7,549	18,000
2	Other Income	2,195	61	39	2,371	453
3	<b>Total Income (1+2)</b>	<b>3,921</b>	<b>1,196</b>	<b>3,578</b>	<b>9,920</b>	<b>18,463</b>
4	<b>Expenses</b>					
(a)	Cost of Materials Consumed	10	504	6,072	3,252	17,861
(b)	Cost of Raw Material Sold	104	(52)	863	516	4,722
(c)	Changes in Inventories of Work in Progress & Scrap	18	(862)	(4,902)	(1,304)	(7,095)
(d)	Employee Benefits Expenses	373	525	536	2,054	2,451
(e)	Labour/Fabrication and Subcontractor Charges	441	674	473	2,600	2,045
(f)	Power, Fuel and Water	281	259	519	1,136	1,363
(g)	Cost Estimated for Revenue Recognised (Refer Note 11)	(79)	-	(4,219)	(2,510)	(12,074)
(h)	Foreign Exchange Difference (net)	1,753	812	(265)	2,615	1,739
(i)	Other Expenses (Refer Note 10)	12,124	4,278	4,615	16,824	8,515
	<b>Total Expenses</b>	<b>15,025</b>	<b>6,138</b>	<b>3,692</b>	<b>25,183</b>	<b>19,527</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)</b>	<b>(11,104)</b>	<b>(4,942)</b>	<b>(114)</b>	<b>(15,263)</b>	<b>(1,064)</b>
6	Finance Costs	34,335	33,658	36,126	1,32,801	1,27,807
7	Depreciation and Amortisation Expenses	1,856	2,011	(8,994)	7,461	6,566
8	<b>Loss Before Exceptional Items (5-6-7)</b>	<b>(47,295)</b>	<b>(40,611)</b>	<b>(27,246)</b>	<b>(1,55,525)</b>	<b>(1,35,437)</b>
9	Exceptional Items (Refer Note 15)	(6,608)	-	(8,74,662)	(6,608)	(8,74,662)
10	<b>Loss before Tax (8+9)</b>	<b>(53,903)</b>	<b>(40,611)</b>	<b>(9,01,908)</b>	<b>(1,62,133)</b>	<b>(10,10,099)</b>
11	Income Tax for Earlier Years	-	-	(3,508)	-	(3,508)
12	Deferred Tax Credit / (Reversal)	-	-	(34,498)	-	(34,498)
13	<b>Loss After Tax (10+11+12)</b>	<b>(53,903)</b>	<b>(40,611)</b>	<b>(9,39,914)</b>	<b>(1,62,133)</b>	<b>(10,48,105)</b>
14	<b>Other Comprehensive Income</b>					
	Items that will not to be reclassified to profit and loss in the subsequent year					
(i)	Actuarial gains/(losses) on defined benefit plans	20	(4)	(27)	7	(17)
(ii)	Income Tax effect	-	-	5	-	5
	<b>Total Other Comprehensive Income for the period/year</b>	<b>20</b>	<b>(4)</b>	<b>(22)</b>	<b>7</b>	<b>(12)</b>
15	<b>Total Comprehensive Income for the period/year (13+14)</b>	<b>(53,883)</b>	<b>(40,615)</b>	<b>(9,39,936)</b>	<b>(1,62,126)</b>	<b>(10,48,117)</b>
16	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,759	73,759	73,759	73,759
17	Other Equity	-	-	-	(12,61,711)	(10,99,585)
18	<b>Earnings Per Share (EPS) (* Not Annualised)</b>					
(a)	Basic EPS (Rs.)	* (7.31)	* (5.51)	* (127.43)	(21.98)	(142.10)
(b)	Diluted EPS (Rs.)	* (7.31)	* (5.51)	* (127.43)	(21.98)	(142.10)



## STATEMENT OF STANDALONE ASSETS AND LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
	Audited	Audited
<b>I ASSETS</b>		
<b>(1) Non Current Assets</b>		
Property, Plant and Equipment	1,48,001	1,44,600
Capital Work in Progress	3,669	10,277
Intangible Assets	-	-
	1,51,670	1,54,877
Financial Assets		
Investments	2,050	2,050
Other Financial Assets	-	3,440
	2,050	5,490
Other Non Current Assets	7,996	7,960
	7,996	7,960
<b>(2) Current Assets</b>		
Inventories	49,490	62,217
	49,490	62,217
Financial Assets		
Trade Receivables	46	555
Cash and Cash Equivalents	1,551	5,006
Other Bank Balances	29	573
Other Current Financial Assets	1	82
	1,627	6,216
Current Tax (net)	723	890
Other Current Assets	1,90,763	98,360
	1,91,486	99,250
<b>TOTAL ASSETS</b>	<b>4,04,319</b>	<b>3,36,010</b>
<b>II EQUITY AND LIABILITIES</b>		
<b>(1) Share Capital</b>		
Share Capital	73,759	73,759
Other Equity	(12,61,711)	(10,99,585)
	(11,87,952)	(10,25,826)
<b>(2) Liabilities</b>		
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	23,052	22,762
Lease Liability	9,895	-
	32,947	22,762
Provisions	87	204
Other Non Current Liabilities	-	5,624
	87	5,828
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	6,45,845	5,26,614
Trade Payables		
Total outstanding dues of micro and small enterprises	754	852
Total outstanding dues of creditors other than micro and small enterprises	29,238	27,283
Other Current Financial Liabilities	8,44,836	7,37,372
	15,20,673	12,92,121
Other Current Liabilities	4,065	5,993
Provisions	34,499	35,132
	38,564	41,125
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,04,319</b>	<b>3,36,010</b>



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

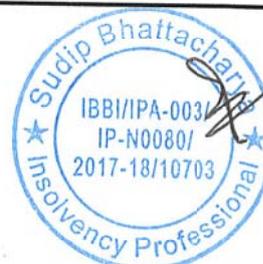
**Standalone Cash Flow Statement for the year ended March 31, 2020**

Rs in Lakhs

Sr. No. Particulars	2019 - 2020	2018 - 2019
<b>A Cash Flow from Operating Activities</b>		
Net Loss before Tax		
Adjustments for :-	(1,62,133)	(10,10,098)
Depreciation and Amortisation Expenses	7,461	6,566
Exceptional Items	6,608	8,74,662
Interest Income	(176)	(452)
Dividend on Current Investments	-	(3)
Loss on Sale of Plant, property and equipments (net)	-	4
Finance Costs	1,32,801	1,27,807
Provision for Liquidated Damages	161	530
Provision for estimated cost over contract revenue	1,755	(285)
Provision for Impairment of Current Assets	-	37
Provision for Non-Moving Inventory	11,015	1,776
Actuarial gains/(losses) on defined benefit plans	7	(17)
Cost Estimated for Revenue Recognised	(2,510)	(12,074)
Balances Written off (net)	831	756
Foreign Exchange Loss/(Gain) (net)	2,615	1,601
Operating profit/(loss) before working capital changes	(1,565)	(9,190)
<b>Adjusted for</b>		
Inventories	1,710	5,849
Trade and Other Receivables	(99,636)	(15,525)
Trade and Other Payables	91,880	(7,439)
<b>Cash Used in Operations</b>	<b>(7,611)</b>	<b>(26,305)</b>
Direct Taxes (Paid) / Refund	167	460
<b>Net Cash Flow Used in Operating Activities</b>	<b>(7,444)</b>	<b>(25,845)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Capital Work in Progress	-	(24)
Sale of Property, Plant and Equipment and Capital Work in Progress	(28)	-
FD kept with bank	3,984	6,992
Interest Received	176	1,133
Dividend Received on Current Investments	-	3
<b>Net Cash Flow (used in)/from Investing Activities</b>	<b>4,132</b>	<b>8,104</b>
<b>C Cash Flow from Financing Activities</b>		
Increase in Borrowings	290	37,275
Payment towards Lease Liability	(433)	-
Interest Paid	-	(22,206)
<b>Net Cash Flow (used in) / from Financing Activities</b>	<b>(143)</b>	<b>15,069</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(3,455)</b>	<b>(2,672)</b>
Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
*Exchange Difference on Foreign Currency is Rs. 86 in current year and Rs. 28,861 in previous year.		
Cash and Cash Equivalents - Opening balance	5,006	7,678
Cash and Cash Equivalents - Closing balance	1,551	5,006

**Notes :**

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



**Notes:**

- 01 On September 4, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited (the "Company").

The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code.

Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020.

Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP.

The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

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

- 03 The amounts of the claim admitted or to be admitted by the RP under CIRP process may differ from the amount reflecting in the books of account of the Company. The above audited financial results are drawn on the basis of March 31, 2020 figures as per the books of account of the Company. The RP and support team believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of quarterly and yearly audited financial results and that these figures could change during the CIRP process or thereafter.

- 04 The Company has outstanding borrowings from banks and financial institutions aggregating Rs. 11,15,631 Lakhs including interest thereon and bank balances (current account and term deposit) aggregating to Rs. 1,581 Lakhs, balance confirmation as at March 31, 2020 has not been received by the Company. During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. These claims are under verification and the RP is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020. This matter has accordingly been qualified by the auditors in their audit report.

- 05 ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award no provision has been made against the shipbuilding contract receivables, Advance against purchase of Material/ Services and Inventories, which has been qualified by the auditors in their audit report.

- 06 As on March 31, 2020, the Company has shipbuilding contracts receivables of Rs. 173,960 lakhs, including invocation of the bank guarantees amounting to Rs. 93,739 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has received a Show Cause Notice from the Ministry of Defence for termination of aforesaid Contract. In response to the Notice, the Company replied to the notice and also filed a writ petition along with stay application before the Delhi High Court on February 15, 2020.

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

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

- 07 The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc) is Rs. 402,015 Lakhs. As explained in Note 1 above, the Company is under CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of tangible, financial and other assets, if any, in preparation of Financial Statements and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets. This matter has accordingly been qualified by the auditors in their audit report.

- 08 On March 16, 2020 and subsequent to year end (on May 19, 2020, the Gujarat Pipavav Port Limited ("GPPL") has issued a termination notice to terminate the Sub-concession Agreement for non payment of lease rent. The agreement was entered between Gujarat Maritime Board ("GMB"), GPPL and the Company to sub lease the certain land parcels owned by GMB to the Company in order to carry out business activities. As the Company is under CIRP, it has requested GPPL to continue with the agreement for the smooth resolution process and expect to pay the lease rent as per the provision of the Code.



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

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

10 Other expense includes Rs. 10,877 Lakhs for quarter ended March 31, 2020 (Rs. 1,776 Lakhs for the quarter ended March 31, 2019) and Rs. 11,015 Lakhs for year ended March 31, 2020 (Rs. 1,776 Lakhs for year ended March 31, 2019) on account of provision for diminution in the value of

11 In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.

12 During the year, RMOI Engineering and Offshore Limited, a wholly owned subsidiary of the Company has been admitted for CIRP by the NCLT, Ahmedabad Bench and appointed Interim Resolution Professional (IRP). Further RP appointed as Resolution Professional and it is under CIRP.

13 During the year, application has been filed in the NCLT, Ahmedabad Bench, by financial creditors against E-Complex Private Limited and REDS Marine Services Limited, wholly owned subsidiaries of the Company. The application is yet to be admitted.

14 Reliance Underwater Systems Private Limited (RUSPL) ceased to be a subsidiary of the Company during the year.

15 Exceptional items for the year ended March 31, 2020 consist of impairment of CWIP amounting Rs. 6,608 Lakhs. For the year ended March 31, 2019 exceptional items includes impairment of PPE and CWIP of Rs. 783,304 Lakhs, Trade Receivables of Rs. 75,326 Lakhs and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of Rs. 16,032 Lakhs.

16 The Company has adopted Ind AS 116 "Leases" effective from April 1, 2019 and applied the Standard to its leases. This has resulted in recognizing a Right-of-Use asset and a corresponding Lease Liability of Rs. 10,834 Lakhs as at April 1, 2019. The Impact of the same to the Statement of Profit and Loss for the quarter and year ended March 31, 2020 is not material.

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

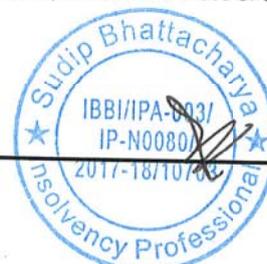
18 "The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the IND AS and accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Pursuant to an application made by IDBI Bank, the Adjudicating Authority vide its order dated January 15, 2020, initiated CIR process of the Company in accordance with the provisions of the Code. The Adjudicating Authority appointed Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional (IRP). Subsequently vide order dated May 5, 2020, Mr. Sudip Bhattacharya having registration number IBBI/IPA-003/ IPN 0080/2017-18/10703 was appointed as the Resolution Professional. In terms of Section 23 of the Code read with Section 25 of the Code, the powers of the Board of Directors stand suspended and the management of the affairs of the Company vests in the Resolution Professional (RP) of the Company i.e. Mr. Sudip Bhattacharya

These financial results have been prepared by the management of the Company and certified by CFO and Company secretary of the Company. These financial results were placed in the meeting of RP, CFO and Company Secretary for their considerations (CFO and Company Secretary are referred herein after as "Key Managerial Persons"). Accordingly, the audited financial results were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examinations by and representations, clarifications and explanations provided by the key managerial persons, has approved the Financial Results. The key managerial persons has provided the certifications and representations with responsibility in respect of various secretarial, compliances and matters which are pertaining to the period prior to the appointment of Resolution Professional. The RP is relying on the management representation letters for all information and confirmations in relation to the day to day functioning of the Company.

19 The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figure in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year. The figures for the previous periods and for the year ended March 31, 2019 have been restated and regrouped to make them comparable with those of current year.

Date : July 31, 2020  
Place: Mumbai

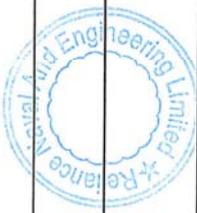


**Statement on Impact of Audit Qualifications for the Annual Audited Standalone Financial Results for the Financial Year Ended March 31, 2020.**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

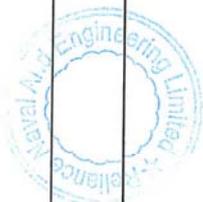
(Rs. in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income (including Other Income)	9,920	9,920
	2	Total Expenditure	172,053	172,053
	3	Exceptional Items	6,608	6,608
	4	Net Profit/(Loss)	(162,133)	(162,133)
	5	Earnings Per Share (in Rs.)	(21.98)	(21.98)
	6	Total Assets	404,319	404,319
	7	Total Liabilities	1,592,271	1,592,271
	8	Net Worth	(1,187,952)	(1,187,952)
	9	Any other financial item(s)	-	-
<b>II. Audit Qualification (each audit qualification separately):</b>				
1	a.	<p><b>Details of Audit Qualification:</b></p> <p>We draw your attention to Note no. 4 to the Statement:</p> <p>i) regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the Standalone financial results cannot be quantified.</p> <p>ii) during to the year, as a part of CIRP, creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, the consequential impact, if any, on the standalone financial results is not currently ascertainable.</p>		
	b.	<b>Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		
	c.	<b>Frequency of qualification:</b> First time / repetitive / since how long continuing		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	i)	<b>Management's estimation on the impact of audit qualification:</b> Not Applicable		
	ii)	<b>If management is unable to estimate the impact, reasons for the same:</b>		
		<p>During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the Interim Resolution Professional (the "IRP") as on January 15, 2020 ("Insolvency Commencement Date"). The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) of the Insolvency &amp; Bankruptcy Code, 2016 (the "Code")</p>		



mt

		<p>or passes an order for liquidation of the company under Section 33 of the Code, whichever is earlier. Accordingly Banks and Financial Institutions have not provided the balance confirmation as on March 31, 2020, however the claims from the financial creditors as of January 15, 2020 have been received and claims from financial and operational creditors are under verification and the Resolution Professional (the "RP") is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020.</p> <p><b>iii) Auditors' Comments on (i) or (ii) above:</b></p> <p>Refer Para (a) of "Basis for Qualified Opinion" in audit report read with relevant notes in the standalone financial results, the same are self explanatory.</p>
2	<p><b>a. Details of Audit Qualification:</b> As mentioned in note no. 5 and 6 to the Statement, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been contested by the Company. The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 7 to the Statement, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Company as at March 31, 2020 aggregating to Rs. 402,015 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the standalone financial results of the Company.</p> <p><b>b. Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</p> <p><b>c. Frequency of qualification:</b> First time / repetitive / since how long continuing</p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p><b>i) Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p><b>ii) If management is unable to estimate the impact, reasons for the same:</b></p> <p>The Company is under the CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. The Company has not taken into the consideration any impact on the value of the tangible, financial and other assets, if any, in preparation of Financial Results and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets.</p> <p><b>iii) Auditors' Comments on (i) or (ii) above:</b> Refer Para (b) of "Basis for Qualified Opinion" in audit report read with relevant notes in the standalone financial results, the same are self explanatory.</p>	
3	<p><b>a. Details of Audit Qualification:</b> We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a</p>	



MSK

part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.

b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Frequency of qualification: First time / repetitive / since-how-long-continuing

c.

For Audit Qualification(s) where the impact is quantified by the auditor, Management's

d.

Views: Not Applicable

e.

For Audit Qualification(s) where the impact is not quantified by the auditor:

i) Management's estimation on the impact of audit qualification: Not Applicable

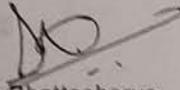
ii) If management is unable to estimate the impact, reasons for the same:

The RP is obliged not to share certain information which are integral part of the CIRP, in order to maintain the confidentiality of the process and in line with the direction of the CoC.

iii) Auditors' Comments on (i) or (ii) above:

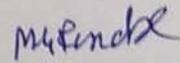
Refer Para (c) of "Basis for Qualified Opinion" in audit report is self explanatory.

III. Signatories



Sudip Bhattacharya

(IP Registration No. IBSI/PA-003/IP-N00080/2017-18/10703)



Madan Pendse

(Chief Financial Officer)

Place: Mumbai

Date: July 31, 2020

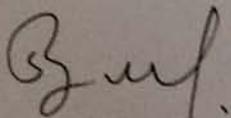
AUDITORS

Refer our Independent Auditor's Report dated July 31, 2020 on the Standalone Financial Results of the Company.

For Pathak H. D. & Associates LLP

Chartered Accountants

Firm Reg. No. 107783W/W100593



Gyandeo Chaturvedi

Partner

Membership No. 46806

Place: Mumbai

Date: July 31, 2020

**Independent Auditor's Report on the Quarterly and Year to Date Audited Consolidated Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**TO THE RESOLUTION PROFESSIONAL OF  
RELIANCE NAVAL AND ENGINEERING LIMITED (A Company under Corporate Insolvency Resolution Process vide NCLT order)  
IP Registration No. IBBI/IPA-003/IP-N00080/2017-18/10703**

**Report on the audit of the Consolidated Financial Results**

***Qualified Opinion***

We have audited the accompanying statement of consolidated financial results of **RELIANCE NAVAL AND ENGINEERING Limited** ("the Parent") and its Subsidiaries (the Parent and Subsidiaries together refer to "the Group"), and its associate for the quarter and year ended March 31, 2020 (the "Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

During the year, the National Company Law Tribunal ("the NCLT"), Ahmedabad Bench, admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by financial creditors vide order no. CP (IB) No. 418/7/NCLT/AHM/2018 dated January 15, 2020 and appointed an Interim Resolution Professional ("IRP"), Mr. Rajeev Bal Sawangikar, to manage affairs of the Company in accordance with the provisions of the Code. Subsequent to the year, the NCLT, Ahmedabad Bench, vide order no. IA 233/2020 in CP (IB) No. 418/7/NCLT/AHM/2018 dated May 5, 2020 appointed Mr. Sudip Bhattacharya as Resolution Professional ("RP") replacing the IRP according to the resolution passed by the Committee of Creditors unanimously. In view of pendency of the CIRP and suspension of powers of Board of Directors and as explained to us, the powers of adoption of the Statement vests with RP. These Consolidated financial results is prepared by the Management of the Company and Certified by Mr. Madan Pendse, Chief Financial Officer and approved by RP.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial statements / financial information of the subsidiaries and associate, *except the possible effects of the matters described in "Basis for Qualified Opinion" Para below*, the Statement:

i. Includes the financial information of the following entities:

List of Subsidiaries:

- E Complex Private Limited,
- RMOL Engineering and Offshore Limited (Formerly Reliance Marine & Offshore Limited),
- Reliance Technologies and Systems Private Limited,
- REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Limited),
- PDOC Pte. Ltd. (incorporated and place of business at Singapore).

List of Associate:

- Conceptia Software Technologies Private Limited

ii. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

iii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information of the Group for the quarter and year ended March 31, 2020.

### **Basis for Qualified Opinion**

a) *We draw your attention to Note no. 4 to the Statement:*

i) *regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the consolidated financial results cannot be quantified.*

ii) *during to the year, as a part of CIRP, creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, consequential impact, if any, on the consolidated financial results is not currently ascertainable.*

b) *As mentioned in note no. 5 and 6 to the Statement, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been*

*contested by the Company. The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 7 to the Statement, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Goodwill on Consolidation, Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Group as at March 31, 2020 aggregating to Rs. 472,412 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the consolidated financial results of the Group.*

*c) We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.*

*d) The consolidated financial results include the financial information / statements of a subsidiary which reflects total assets of Rs. 29,969 Lakhs as at March 31, 2020, total revenue of Rs. (2) lakhs and Rs. 0.07 lakh, total net loss after tax of Rs. (1,525) Lakhs and Rs. (6,067) lakhs and total comprehensive loss of Rs. (1,525) Lakhs and Rs. (6,067) lakhs, for the quarter and year ended on that date, respectively, and net cash outflow Rs. 0.85 Lakh for the year ended March 31, 2020 as considered in the consolidated financial results, in respect of a subsidiary, whose financial information / statements have not been audited; as mention in note no. 12 to the Statement, the financial statements of that subsidiary are unaudited and have been approved by the Resolution Professional of that subsidiary and our opinion on the consolidated financial results, in so far as it relates to the amounts and financial information included in respect of above subsidiary, is based solely on these unaudited financial statements. Consequently, effects on the Group's total assets, total liabilities, net profit / (loss) and of total comprehensive income, if any, pursuant to the audit of that subsidiary, are not ascertainable at this stage.*

We conducted our audit of the Statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Results section of our report. We are independent of the Group and its associate 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 Statement under the provisions of the Companies Act, 2013 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 obtained by us and other auditors in

terms of their reports referred to in “Other Matters” paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to the Note no. 2 to the Statement regarding preparation of Consolidated financial results of the Group on going concern basis, notwithstanding the fact that the Group continues to incur cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to it's lenders, loans have been called back by secured lenders, non-current assets are significantly impaired, current liabilities exceeded the total assets of the Group, major customers have cancelled the orders, termination notice received to terminate the sub concession lease agreement of land parcel on which Parent's EOU unit operates, etc. As mention in para 2 above, since the CIRP is currently in progress, as per the Code, it is required that the Parent be managed as going concern during the CIRP, the consolidated financial statements is continued to be prepared on going concern basis. However there exists material uncertainty about the Group's ability to continue as a going concern since the same is dependent upon the resolution plan to be formulated and approved by NCLT. The appropriateness of preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code.

Our opinion is not modified in respect of this matter.

### **Emphasis of Matter**

We draw your attention to Note no. 9 to the Statement, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Group.

Our opinion is not modified in respect of this matter.

### **Management's and Resolution Professional's Responsibilities for the Consolidated Financial Results**

The Statement has been prepared on the basis of the consolidated financial statements. The Parent's Management and Resolution Professional (RP) are responsible for the preparation of the Statement that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group including its associate in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management/ Resolution Professional / Management of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Management of the Parent, as aforesaid.

In preparing the Statement, the respective Board of Directors / Resolution Professional / Management of the Companies included in Group and of its associate are responsible for assessing the ability of Group and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Resolution Professional / Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors / Resolution Professional / Management of the Companies included in the Group and of its associate are also responsible for overseeing the Company's financial reporting process of the Group and of its associate.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

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

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 financial results, 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 Group has adequate internal financial control with reference to financial statements in place and the operating effectiveness of such control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Resolution Professional'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 financial results 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 financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

- a) We draw your attention that the Company has paid managerial remuneration of Rs. 19 Lakhs and Rs. 97 Lakhs for the quarter and year March 31, 2020, respectively, to its whole time director as approved by the shareholders of the Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.
- b) We did not audit the financial statements of 4 subsidiaries included in the consolidated audited financial results, whose financial information reflect total assets of Rs. 81,169 Lakhs as at March 31, 2020, total revenue of Rs. 561 lakhs and Rs. 2,173 lakhs, total net loss after tax of Rs. (2,018) Lakhs and Rs. (8,326) lakhs and total comprehensive loss of Rs. (2,018) Lakhs and Rs. (8,326) lakhs, for the quarter and year ended on that date, respectively, and net cash outflow Rs. 9 Lakhs for the year ended March 31, 2020, as considered in the statement which

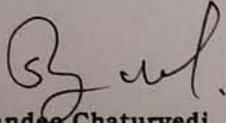
Pathak H.D. & Associates LLP  
Chartered Accountants

have been audited by other auditors, whose reports have been furnished to us by the Management. Our opinion on the statement, in so far as it relates to the affairs of such subsidiaries is based solely on the reports of the other auditors.

- c) The Statement includes unaudited financial information of an associate which reflects Group's share of net profit after tax of Rs. 26 Lakhs and Rs. 14 Lakhs and total comprehensive profit of Rs. 26 Lakhs and Rs. 14 Lakhs for the quarter and year ended March 31, 2020, respectively, which is certified by the Management. According to the information and explanations given to us by the Management, this financial information is not material to the Group.
- d) The Statement includes the figures for the quarter ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited year-to-date figures up to December 31, 2019 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us.

Our opinion is not modified in respect of these matters.

**For Pathak H. D. & Associates LLP**  
Chartered Accountants  
Registration No. 107783W / W100593



**Gyandee Chaturvedi**  
Partner  
Membership No. 46806  
UDIN: 20046806AAAAAS2624

Place: Mumbai  
Date: July 31, 2020

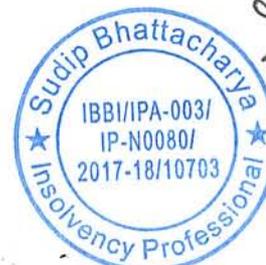
**Statement of Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2020**

Sr No	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Refer Note 19)	Unaudited	(Refer Note 19)	Audited	Audited
		<i>Rs in Lakhs</i>				
1	Revenue from Operations	1,725	1,134	3,539	7,549	18,000
2	Other Income	2,194	61	66	2,372	466
3	<b>Total Income (1+2)</b>	<b>3,920</b>	<b>1,195</b>	<b>3,605</b>	<b>9,921</b>	<b>18,466</b>
4	<b>Expenses</b>					
(a)	Cost of Materials Consumed	10	504	6,072	3,252	17,861
(b)	Cost of Raw Material Sold / Traded Goods	104	(52)	863	516	4,722
(c)	Changes in Inventories of Work in Progress & Scrap	17	(862)	(4,902)	(1,304)	(7,095)
(d)	Employee Benefits Expenses	373	525	536	2,054	2,451
(e)	Labour/Fabrication and Subcontractor Charges	441	674	473	2,600	2,045
(f)	Power, Fuel and Water	284	259	525	1,144	1,374
(g)	Cost Estimated for Revenue Recognised (Refer Note 11)	(79)	-	(4,219)	(2,510)	(12,074)
(h)	Foreign Exchange Difference (net)	1,753	813	(264)	2,616	1,740
(i)	Other Expenses (Refer Note 10)	12,162	4,313	12,674	16,951	15,543
	<b>Total Expenses</b>	<b>15,065</b>	<b>6,174</b>	<b>11,758</b>	<b>25,319</b>	<b>26,567</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3 - 4)</b>	<b>(11,145)</b>	<b>(4,979)</b>	<b>(8,153)</b>	<b>(15,398)</b>	<b>(8,101)</b>
6	Finance Costs	39,364	35,651	39,716	1,46,887	1,36,825
7	Depreciation and Amortisation Expenses	1,793	1,941	(9,056)	7,195	7,050
8	<b>Loss Before Exceptional Items (5-6-7)</b>	<b>(52,302)</b>	<b>(42,571)</b>	<b>(38,813)</b>	<b>(1,69,480)</b>	<b>(1,51,976)</b>
9	Exceptional Items (Refer Note 15)	(6,608)	-	(9,01,609)	(6,608)	(9,01,609)
10	<b>Loss before Tax (8+9)</b>	<b>(58,910)</b>	<b>(42,571)</b>	<b>(9,40,422)</b>	<b>(1,76,088)</b>	<b>(10,53,585)</b>
11	Income Tax for Earlier Years	-	-	(4,638)	-	(4,638)
12	Deferred Tax Credit / (Reversal)	-	-	(34,498)	-	(34,498)
13	<b>Loss After Tax (10+11+12)</b>	<b>(58,910)</b>	<b>(42,571)</b>	<b>(9,79,558)</b>	<b>(1,76,088)</b>	<b>(10,92,721)</b>
14	Add:- Consolidated share in the profit/(loss) of associate	26	(2)	66	14	66
15	<b>Loss for the period / year (13 + 14)</b>	<b>(58,884)</b>	<b>(42,573)</b>	<b>(9,79,492)</b>	<b>(1,76,074)</b>	<b>(10,92,655)</b>
16	<b>Other Comprehensive Income</b>					
	Items that will not to be reclassified to profit and loss in the subsequent year					
(i)	Actuarial gains/(losses) on defined benefit plans	20	(4)	(27)	7	(17)
(ii)	Income Tax effect	-	-	5	-	5
	<b>Total Other Comprehensive Income for the period/year</b>	<b>20</b>	<b>(4)</b>	<b>(22)</b>	<b>7</b>	<b>(12)</b>
17	<b>Total Comprehensive Income for the period/year (15+16)</b>	<b>(58,864)</b>	<b>(42,577)</b>	<b>(9,79,514)</b>	<b>(1,76,067)</b>	<b>(10,92,667)</b>
18	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,759	73,759	73,759	73,759
19	Other Equity	-	-	-	(12,91,511)	(11,15,908)
20	<b>Earnings Per Share (EPS) (* Not Annualised)</b>					
(a)	Basic EPS (Rs.)	* (7.98)	* (5.77)	* (132.80)	(23.87)	(148.14)
(b)	Diluted EPS (Rs.)	* (7.98)	* (5.77)	* (132.80)	(23.87)	(148.14)



## STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
	Audited	Audited
<b>I ASSETS</b>		
<b>(1) Non Current Assets</b>		
Property, Plant and Equipment	1,96,248	2,01,212
Capital Work in Progress	3,669	10,277
	1,99,917	2,11,489
Goodwill on Consolidation	1,019	1,019
Financial Assets		
Investments	30,292	30,278
Other Financial Assets	-	3,440
	30,292	33,718
Other Non Current Assets	628	592
	628	592
<b>(2) Current Assets</b>		
Inventories	49,491	62,217
	49,491	62,217
Financial Assets		
Trade Receivables	290	555
Cash and Cash Equivalents	1,564	5,031
Other Bank Balances	29	573
Other Current Financial Assets	1	82
	1,884	6,241
Current Tax (net)	738	983
Other Current Assets	1,90,775	98,372
	1,91,513	99,355
<b>TOTAL ASSETS</b>	<b>4,74,744</b>	<b>4,14,631</b>
<b>II EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Share Capital	73,759	73,759
Other Equity	(12,91,511)	(11,15,908)
	(12,17,752)	(10,42,149)
<b>(2) Liabilities</b>		
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	25,552	27,762
Lease Liability	1,798	-
	27,350	27,762
Provisions	87	204
Other Non Current Liabilities	3,621	5,624
	3,708	5,828
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	7,09,536	5,91,645
Trade Payables		
Total outstanding dues of micro and small enterprises	754	852
Total outstanding dues of creditors other than micro and small enterprises	29,707	27,693
Other Current Financial Liabilities	8,82,865	7,61,869
	16,22,862	13,82,059
Other Current Liabilities	4,065	5,993
Provisions	34,511	35,138
	38,576	41,131
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,74,744</b>	<b>4,14,631</b>



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

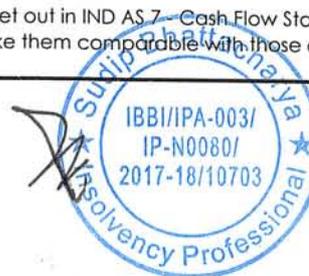
**Consolidated Cash Flow Statement for the year ended March 31, 2020**

Rs in Lakhs

Sr. No. Particulars	2019 - 2020	2018 - 2019
<b>A Cash Flow from Operating Activities</b>		
Net Loss before Tax	(1,76,088)	(10,53,585)
Adjustments for :-		
Depreciation and Amortisation Expenses	7,195	7,050
Exceptional Items	6,608	9,01,609
Interest Income	(177)	(454)
Dividend on Current Investments	-	(3)
Loss on Sale of Plant, property and equipments (net)	-	4
Finance Costs	1,46,886	1,36,825
Provision for Liquidated Damages	161	530
Provision for estimated cost over contract revenue	1,755	(285)
Provision for Impairment of Current Assets	-	37
Provision for Non-Moving Inventory	11,015	-
Actuarial gains/(losses) on defined benefit plans	7	(17)
Cost Estimated for Revenue Recognised	(2,510)	(12,074)
Balances Written off (net)	831	9,179
Foreign Exchange Loss/(Gain) (net)	2,616	1,601
Operating profit/(loss) before working capital changes	(1,701)	(9,583)
<b>Adjusted for</b>		
Inventories	1,710	7,632
Trade and Other Receivables	(99,881)	(2,559)
Trade and Other Payables	90,926	(8,147)
<b>Cash Used in Operations</b>	<b>(8,946)</b>	<b>(12,657)</b>
Direct Taxes (Paid) / Refund	246	1,318
<b>Net Cash Flow Used in Operating Activities</b>	<b>(8,700)</b>	<b>(11,339)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Capital Work in Progress	-	(26)
Sale of Property, Plant and Equipment and Capital Work in Progress	2,175	-
Advance to Subsidiaries (Net)	(1,408)	(18,109)
Sale of Investments	-	8
FD kept with bank	3,984	15,439
Interest Received	177	1,054
Dividend Received on Current Investments	-	3
<b>Net Cash Flow (used in)/from Investing Activities</b>	<b>4,928</b>	<b>(1,631)</b>
<b>C Cash Flow from Financing Activities</b>		
Increase in Borrowings	257	37,183
Increase in Lease Liability	-	-
Interest Paid	49	(26,936)
<b>Net Cash Flow (used in) / from Financing Activities</b>	<b>306</b>	<b>10,247</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(3,466)</b>	<b>(2,723)</b>
Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
*Exchange Difference on Foreign Currency is Rs. 86 in current year and Rs. 28,861 in previous year.		
Cash and Cash Equivalents - Opening balance	5,031	7,754
Less: on account of Reliance Underwater Systems Private Limited. No longer Subsidiary	(1)	-
	5,030	7,754
Cash and Cash Equivalents - Closing balance	1,564	5,031

**Notes :**

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



**Notes:**

- 01 On September 4, 2019, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company").
- The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code.
- Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020.
- Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP.
- The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.
- 02 The above audited consolidated financial results of the Company for the period and year ended 31st March, 2020 have been taken on record by the RP while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated 5th May, 2020 to run the Company as a going concern during CIRP. Hence the financial results for the period and year ended 31st March, 2020 have been prepared on going concern assumptions. The RP took charge of the Company on 5th May, 2020 and authorized the Key Management Personnel (KMP's) to continue with their respective roles and charges as per their original work allocation.
- 03 The amounts of the claim admitted or to be admitted by the RP under CIRP process may differ from the amount reflecting in the books of account of the Company. The above audited financial results are drawn on the basis of March 31, 2020 figures as per the books of account of the Company. The RP and support team believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of quarterly and yearly audited financial results and that these figures could change during the CIRP process or thereafter.
- 04 The Company has outstanding borrowings from banks and financial institutions aggregating Rs. 11,61,588 Lakhs including interest thereon and bank balances (current account and term deposit) aggregating to Rs. 1,594 Lakhs. balance confirmation as at March 31, 2020 has not been received by the Company. During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. These claims are under verification and the RP is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020. This matter has accordingly been qualified by the auditors in their audit report.
- 05 ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award no provision has been made against the shipbuilding contract receivables. Advance against purchase of Material/ Services and Inventories, which has been qualified by the auditors in their audit report.
- 06 As on March 31, 2020, the Company has shipbuilding contracts receivables of Rs. 173,960 lakhs, including invocation of the bank guarantees amounting to Rs. 93,739 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has received a Show Cause Notice from the Ministry of Defence for termination of aforesaid Contract. In response to the Notice, The Company replied to the notice and also filed a writ petition along with stay application before the Delhi High Court on February 15, 2020.
- The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company.
- Although the MOD has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlining how it can complete two of the five NOPVs (NS001 and NS002) which are in advance stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD. Advance against purchase of Material/ Services and inventories has been made in the above results.
- 07 The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc) is Rs. 471,407 Lakhs. As explained in Note 1 above, the Company is under CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of tangible, financial and other assets, if any, in preparation of Financial Statements and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets. This matter has accordingly been qualified by the auditors in their audit report.
- 08 On March 16, 2020 and subsequent to year end on May 19, 2020, the Gujarat Pipavav Port Limited ("GPPL") has issued a termination notice to terminate the Sub-concession Agreement for non payment of lease rent. The agreement was entered between Gujarat Maritime Board ("GMB"), GPPL and the Company to sub lease the certain land parcels owned by GMB to the Company in order to carry out business activities. As the Company is under CIRP, it has requested GPPL to continue with the agreement for the smooth resolution process and expect to pay the lease rent as per the provision of the Code.



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

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

10 Other expense includes Rs. 10,877 Lakhs for quarter ended March 31, 2020 (Rs. 1,776 Lakhs for the quarter ended March 31, 2019) and Rs. 11,015 Lakhs for year ended March 31, 2020 (Rs. 1,776 Lakhs for year ended March 31, 2019) on account of provision for diminution in the value of

11 In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.

12 During the year, RMOL Engineering and Offshore Limited, a wholly owned subsidiary of the Company has been admitted for CIRP by the NCLT, Ahmedabad Bench and appointed Interim Resolution Professional (IRP). Further RP appointed as Resolution Professional and it is under CIRP. The Financials Statement as March 31, 2020 of RMOL Engineering and Offshore Limited is not audited but certified by RP.

13 During the year, application has been filed in the NCLT, Ahmedabad Bench, by financial creditors against E-Complex Private Limited and REDS Marine Services Limited, wholly owned subsidiaries of the Company. The application is yet to be admitted.

14 Reliance Underwater Systems Private Limited (RUSPL) ceased to be a subsidiary of the Company during the year.

15 Exceptional items for the year ended March 31, 2020 consist of impairment of CWIP amounting to Rs. 6,608 Lakhs. For the year ended March 31, 2019 exceptional items includes impairment of PPE and CWIP of Rs. 813,289 Lakhs and impairment of receivables of Rs. 88,320 Lakhs.

16 The Company has adopted Ind AS 116 "Leases" effective from April 1, 2019 and applied the Standard to its leases. This has resulted in recognizing a Right-of-Use asset and a corresponding Lease Liability of Rs. 2,203 Lakhs as at April 1, 2019. The Impact of the same to the statement of profit and loss for the quarter and year ended March 31, 2020 is not material.

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

18 "The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the IND AS and accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Pursuant to an application made by IDBI Bank, the Adjudicating Authority vide its order dated January 15, 2020, initiated CIR process of the Company in accordance with the provisions of the Code. The Adjudicating Authority appointed Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional (IRP). Subsequently vide order dated May 5, 2020, Mr Sudip Bhattacharya having registration number IBBI/IPA-003/ IPN 0080/2017-18/10703 was appointed as the Resolution Professional. In terms of Section 23 of the Code read with Section 25 of the Code, the powers of the Board of Directors stand suspended and the management of the affairs of the Company vests in the Resolution Professional (RP) of the Company i.e. Mr. Sudip Bhattacharya

These financial results have been prepared by the management of the Company and certified by CFO and Company secretary of the Company. These financial results were placed in the meeting of RP, CFO and Company Secretary for their considerations (CFO and Company Secretary are referred herein after as "Key Managerial Persons"). Accordingly, the audited financial results were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examinations by and representations, clarifications and explanations provided by the key managerial persons, has approved the Financial Results. The key managerial persons has provided the certifications and representations with responsibility in respect of various secretarial, compliances and matters which are pertaining to the period prior to the appointment of Resolution Professional. The RP is relying on the management representation letters for all information and confirmations in relation to the day to day functioning of the Company.

19 The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figure in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year. The figures for the previous periods and for the year ended March 31, 2019 have been restated and regrouped to make them comparable with those of current year.

Date : July 31, 2020  
Place: Mumbai



## Statement on Impact of Audit Qualifications for the Annual Audited Consolidated Financial Results for the Financial Year Ended March 31, 2020.

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income (including Other Income)	9,921	9,921
	2	Total Expenditure	186,009	186,009
	3	Exceptional Items	6,608	6,608
	4	Net Profit/(Loss)	(176,074)	(176,074)
	5	Earnings Per Share (in Rs.)	(23.87)	(23.87)
	6	Total Assets	474,744	474,744
	7	Total Liabilities	1,692,496	1,692,496
	8	Net Worth	(1,217,752)	(1,217,752)
	9	Any other financial item(s)	-	-
<b>II. Audit Qualification (each audit qualification separately):</b>				
1	a.	<b>Details of Audit Qualification:</b>  <i>We draw your attention to Note no. 4 to the Statement:</i>  i) regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the consolidated financial results cannot be quantified.  ii) during to the year, as a part of CIRP, creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, consequential impact, if any, on the consolidated financial results is not currently ascertainable.		
	b.	<b>Type of Audit Qualification:</b> Qualified Opinion / <del>Disclaimer of Opinion</del> / <del>Adverse Opinion</del>		
	c.	<b>Frequency of qualification:</b> First time / <del>repetitive</del> / <del>since how long continuing</del>		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b> i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable ii) <b>If management is unable to estimate the impact, reasons for the same:</b> During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the Interim Resolution Professional		

(the "IRP") as on January 15, 2020 ("Insolvency Commencement Date"). The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) of the Insolvency & Bankruptcy Code, 2016 (the "Code") or passes an order for liquidation of the company under Section 33 of the Code, whichever is earlier. Accordingly Banks and Financial Institutions have not provided the balance confirmation as on March 31, 2020, however the claims from the financial creditors as of January 15, 2020 have been received and claims from financial and operational creditors are under verification and the Resolution Professional (the "RP") is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020.

**iii) Auditors' Comments on (i) or (ii) above:**

Refer Para (a) of "Basis for Qualified Opinion" in audit report read with relevant notes in the consolidated financial results, the same are self explanatory.

2

**a. Details of Audit Qualification:**

*As mentioned in note no. 5 and 6 to the Statement, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been contested by the Company. The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 7 to the Statement, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Goodwill on Consolidation, Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Group as at March 31, 2020 aggregating to Rs. 472,412 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the consolidated financial results of the Group.*

**b. Type of Audit Qualification:** Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

**c. Frequency of qualification:** First time / repetitive / ~~since how long continuing~~

**d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**i) Management's estimation on the impact of audit qualification:** Not Applicable

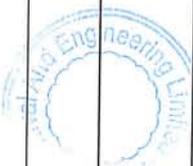
**ii) If management is unable to estimate the impact, reasons for the same:**

The Parent is under the CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. The Company has not taken into the consideration any impact on



msk

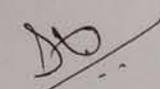
	<p>the value of the tangible, financial and other assets, if any, in preparation of consolidated financial results and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets.</p> <p><b>iii) Auditors' Comments on (i) or (ii) above:</b></p> <p>Refer Para (b) of "Basis for Qualified Opinion" in audit report read with relevant notes in the consolidated financial results, the same are self explanatory.</p>
3	<p><b>a. Details of Audit Qualification:</b>  <i>We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.</i></p> <p><b>b. Type of Audit Qualification:</b> Qualified Opinion / <del>Disclaimer of Opinion</del> / <del>Adverse Opinion</del></p> <p><b>c. Frequency of qualification:</b> First time / repetitive / since how long continuing</p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p><b>i) Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p><b>ii) If management is unable to estimate the impact, reasons for the same:</b></p> <p>The RP is obliged not to share certain information which is integral part of the CIRP, in order to maintain the confidentiality of the process and in line with the direction of the CoC.</p> <p><b>iii) Auditors' Comments on (i) or (ii) above:</b>  Refer Para (c) of "Basis for Qualified Opinion" in audit report is self explanatory.</p>
4	<p><b>a. Details of Audit Qualification:</b>  <i>The consolidated financial results include the financial information / statements of a subsidiary which reflects total assets of Rs. 29,969 Lakhs as at March 31, 2020, total revenue of Rs. (2) lakhs and Rs. 0.07 lakh, total net loss after tax of Rs. (1,525) Lakhs and Rs. (6,067) lakhs and total comprehensive loss of Rs. (1,525) Lakhs and Rs. (6,067) lakhs, for the quarter and year ended on that date, respectively, and net cash outflow Rs. 0.85 Lakh for the year ended March 31, 2020 as considered in the consolidated financial results, in respect of a subsidiary, whose financial information / statements have not been audited; as mention in note no. 12 to the Statement, the financial statements of that subsidiary are unaudited and have been approved by the Resolution Professional of that subsidiary and our opinion on the consolidated financial results, in so far as it relates to the amounts and financial information included in respect of above subsidiary, is based solely on these unaudited financial statements. Consequently, effects on the Group's total assets, total liabilities, net profit / (loss) and of total comprehensive income, if any, pursuant to the audit of that subsidiary, are not ascertainable at this stage.</i></p>



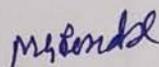
msp

	<p><b>b. Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</p> <p><b>c. Frequency of qualification:</b> First time / repetitive / since how long continuing</p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p><b>iv) Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p><b>v) If management is unable to estimate the impact, reasons for the same:</b></p> <p>As financial statements of the subsidiary company is unaudited, it is not possible at this stage to estimate the impact, if any, whether the figure of the total assets, total liabilities, net profit/(loss) and of total comprehensive income will vary after audit.</p> <p><b>vi) Auditors' Comments on (i) or (ii) above:</b> Refer Para (d) of "Basis for Qualified Opinion" in audit report is self explanatory.</p>
--	---

**III. Signatories**

  
**Sudip Bhattacharya**  
 (IP Registration No. IBB/IPA-003/IP-N00080/2017-18/10703)



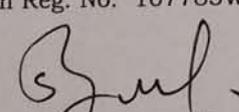
  
**Madan Pendse**  
 (Chief Financial Officer)

**Place: Mumbai**  
**Date: July 31, 2020**

**AUDITORS**

**Refer our Independent Auditor's Report dated July 31, 2020 on the Consolidated Financial Results of the Company.**

**For Pathak H. D. & Associates LLP**  
**Chartered Accountants**  
 Firm Reg. No. 107783W/W100593

  
**Gyandee Chaturvedi**  
 Partner  
 Membership No. 46806

**Place: Mumbai**  
**Date: July 31, 2020**