

# N. N. Jambusaria & Co.

Chartered Accountants

Independent Auditor's Review Report on Unaudited Consolidated Financial Results of Reliance Naval & Engineering Limited (the 'Company') for the Quarter and nine months ended December 31, 2022 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations")

To

The Board of Directors of Reliance Naval and Engineering Limited  
Review Report on the unaudited Consolidated Financial Results

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

As per the provision of resolution plan, a Monitoring Committee was appointed to implement the plan and monitor the operations of company till the takeover of control by newly appointed board. The Monitoring Committee got discharged on January 4, 2024, and the newly appointed board of directors ("New Management") of the company were given full authority to manage the affairs of the Company in accordance with the provisions of Companies Act, 2013

During the CRIP Tenure i.e., from January 15, 2020, to December 22, 2022, the powers of the Erstwhile Boards of Directors were suspended. And in such tenure the powers of the Board were exercised by the RP. The RP, in capacity of an authorized person, prepared the Standalone Financial results of company for the quarter and nine months ended December 31, 2022, and signed the same on December 08, 2023, which was reviewed by the ex-statutory auditor, Pipara & Co LLP. Further, as informed by the new management, due to non-availability of financial information of subsidiaries and associates of Holding Company, the unaudited consolidated financial results for the quarter and nine months ended December 31, 2022, were not being prepared by the Resolution Professional and hence in the absence of required financial information the ex-auditor could not review.

2. We were engaged to review the accompanying statement of unaudited Consolidated financial results of Reliance Naval & Engineering Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') which include the Group's share of net profit/(loss) after tax in its associates, for the quarter and nine months ended December 31, 2022 ("the statement") attached herewith, 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").



3. Currently for the compliance to the provisions of Companies Act, 2013, newly appointed board of Directors had undertaken efforts to collect financial information of subsidiaries and associates, wherein they had received the information of associate and accordingly prepared the accompanying financial results with best available information.

Despite of efforts undertaken by the new management of Holding company, financial information of subsidiaries were not available and accordingly, were not consolidated in the Unaudited Consolidated Financial Results and accordingly, we are not been able to ascertain the financial impact of the balances and transaction of subsidiaries in the Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2022.

4. This statement which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under section 133 of the Companies Act 2013 ('the Act') and other accounting principles generally accepted in India and in compliance with Regulation 33 of the 'Listing Regulations'. Our responsibility is to express a conclusion on the Statement based on our review.
5. This statement of the company have been prepared by the Holding Company's management relying on the unaudited Standalone Financial results ("as restated") of Holding Company for the quarter and nine months ended December 31, 2022 as adopted and signed by the new management of the company.
6. The statement of Holding company for the quarter and nine months ended December 31, 2022, have been finalized on November 11, 2024. Accordingly, as required under "SA-560 - Subsequent Events" we have performed audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the review report that require adjustment of, or disclosure in, the financial statements have been identified and accordingly dealt with in the unaudited consolidated financial results
7. We conducted our review of the restated statement in accordance with the standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.





8. The statement includes the result of the following entity: -

Sr.No	Name of the associate
1	Conceptia Software Technologies Private Limited

9. The Standalone Financial results of Holding company for the nine months ended December 31, 2022 have been prepared on the basis of the trial balance for the period ended December 31, 2022 which includes the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial results as on December 31, 2022. The recasting Gain/loss booked in the financial results have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the management of the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.
10. As per SA 510, para 10, read with SA 705(Revised) as applicable, when an auditor is unable to obtain the sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since the new management has incorporated the impact of audit qualifications, impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect.
11. Based on our review conducted and procedures performed as stated in paragraph 7 above, except for the possible effects of matters described in the Basis for Qualified Conclusion paragraph 9 and 10, nothing has come to our attention that causes us to believe that the accompanying statement has not been prepared in all material respect in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

### Emphasis of Matter Paragraph

12. We draw your attention to Note 6 of the Statement which states that the new management has decided to implement the resolution Plan approved under corporate insolvency resolution process by Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad vide its Order dated December 23, 2022. Pursuant to the Order, the new management gave the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained of the Company into the financial results, totalling to INR 19,52,132.53 lakhs in the profit & loss account as



recasting gain under the exceptional items. The said amount of INR 19,52,132.53 lakhs comprises of effect of resolution plan of INR 20,20,852.12 lakhs and the other effects of changes in the position of assets and liabilities arising out of reassessment of their existence of INR (68,719.59) lakhs. We also draw your attention to the same note wherein previously impaired assets were written off during the year of INR 7,05,071.14 lakhs and have no impact on recasting gain.

13. We draw your attention to Note 8 the Statement which states that amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Notice, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15th, 2020.

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17th, 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 the 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 the communication of such decision to the Company.

Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31st, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced 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.

RP has filed I.A. in NCLT against the cancellation of the order. Pending the final decision by NCLT and the MOD which is due for hearing the Company has conservatively decided to write off the same.

14. We draw your attention to Note 9 and 10 of the Statement which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous years. Out of the three wholly owned subsidiaries of the company, one subsidiary E-Complex Private Limited, impairment created in the earlier years is still carried in the books of accounts and two subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited, impairment has been reversed and considered for write-off from the books of accounts during the year. Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of Company	Nature of Entity	Status
1.	E Complex Private Limited	Subsidiary	Resolution Plan Approved on December 04, 2023





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			which has been set aside by NCLAT by its order dated July 25, 2024
2.	RMOI Engineering and Offshore Limited	Subsidiary	Under Liquidation
3.	REDS Marine Services Limited	Subsidiary	Under Liquidation
4.	Reliance Technologies and Systems Pvt. Ltd.	Subsidiary	Active
5.	PDOC Pte. Limited	Subsidiary	Active
6.	Conceptia Software Technologies Pvt Ltd.	Associate	Active

15. We draw your attention to Note No. 15 of the Statement which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of INR 40,15,517 was received on February 22, 2023.
16. We draw your attention to Note No. 16 the Statement which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May, 2021, the WDV value of those assets as on March, 2022 is INR 2,961 lakhs, which has been sold at INR 1,156 lakhs to Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period amounting to INR 1,805 lakhs as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.
17. We draw your attention to Note No. 17 of the Statement which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period, prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. The rental income (part of other income) includes a provisional income of INR 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.
18. We draw your attention to Note No. 18 of the Statement which state that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defence sector as evidence.



19. We draw your attention to Note 19 of the Statement which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27, 2023.
20. We draw your attention to Note 21 of the Statement which states notional finance cost recorded in the Profit and Loss statement from April 1, 2022, to December 23, 2022, has been reversed under recasting gain reported under exceptional items as of December 23, 2022, due to the implementation of the resolution plan.
21. We draw your attention to Note 22 of the Statement which states as on December 31, 2022, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 4, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. *As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.*
- Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases is subject to the outcome of the said cases.
22. We draw your attention to Note 23 of the Statement which states that as per Regulation 33(3)(b) of the SEBI LODR Regulation, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the management of the company is not in a position to provide the consolidated financial result as the subsidiaries of the company are separate legal entities, also currently few subsidiaries' companies are under the CIRP Process, and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. The management has obtained the information with respect to one associate company, and the Company has prepared Consolidated Financial results based on best available information incorporating only Conceptia Software Technologies Private Limited, which is its associate company. Accordingly, Company has not complied with the SEBI LODR to extent of consolidation of the results of its subsidiaries.
23. The Company is irregular in payments of Statutory dues and has not filed GST Annual Return for the F.Y. 2018-19, F.Y. 2019-20, F.Y. 2020-21, F.Y. 2021-22 and has not conducted GST Audit for the said period.





### 24. Going Concern Assessment

We draw your attention to Note 7 of the Statement which states the unaudited standalone financial results have been prepared on a going concern basis since the new management has been granted full control of the affairs of the company with effect from January 4th, 2024.

### Other Matter

25. We did not review the financial information of one associate whose share of loss amounting to INR 11 lakhs for the quarter ended December 31, 2022, and whose share of profit amounting to INR 19 lakhs for the period from April 01, 2022, to December 31, 2022, as considered in the unaudited consolidated financial results, for which financial information had not been audited/reviewed by their auditors. This unaudited financial information have been furnished to us by the management and our opinion on the unaudited consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on such unaudited financial information. In our opinion and according to information and explanation given to us by the management, this financial information is not material to the group.
26. In case of five subsidiaries the interim financial information for the quarter and nine months ended December 31, 2022, is not available. In absence of the aforesaid interim financial information, the interim financial information in respect of the aforesaid subsidiaries for the quarter and nine months ended December 31, 2022, have not been included in the unaudited consolidated results. In our opinion and according to the information and explanation given to us by the management, these financial information are not material to the group.
27. Due to non-payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.
28. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliance under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations.

For N. N. Jambusaria & CO  
Chartered Accountants  
Firm Reg. No: 104030W

*N. N. Jambusaria*



**Nimesh N. Jambusaria**  
Partner  
Mem. No. 038979  
UDIN: 24038979BKBNWW2742  
Place: Mumbai  
Date: November 11, 2024

## Reliance Naval and Engineering Limited

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Website: www.rnavel.co.in, E-mail: rdel.investors@relianceeda.com, CIN: L35110GJ1997PLC033193

### Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Month Period Ended December 31, 2022

Sr. No.	Particulars	INR in Lakhs					
		Quarter Ended			Nine Month Period Ended		Year Ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from Operations	40	68	237	316	553	632
2	Other Income	70	133	223	444	667	1,107
3	<b>Total Income (1+2)</b>	<b>110</b>	<b>201</b>	<b>460</b>	<b>760</b>	<b>1,220</b>	<b>1,739</b>
4	<b>Expenses</b>						
(a)	Cost of Materials Consumed	-	-	61	23	104	110
(b)	Cost of Raw Material Sold	-	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-	-
(d)	Employee Benefits Expenses	85	88	101	257	383	480
(e)	Labour/Fabrication and Subcontractor Charges	187	121	157	402	494	624
(f)	Power, Fuel and Water	170	124	157	446	328	498
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-	-
(j)	Other Expenses	950	558	490	3,798	994	1,581
	<b>Total Expenses</b>	<b>1,393</b>	<b>892</b>	<b>966</b>	<b>4,926</b>	<b>2,303</b>	<b>3,293</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)</b>	<b>(1,283)</b>	<b>(691)</b>	<b>(506)</b>	<b>(4,166)</b>	<b>(1,083)</b>	<b>(1,554)</b>
6	Finance Costs	46,484	50,323	50,331	1,46,584	1,50,600	1,99,857
7	Depreciation and Amortisation Expenses	1,717	1,718	1,862	5,138	5,570	7,396
8	<b>Profit/(Loss) Before Exceptional Items (5-6-7)</b>	<b>(49,484)</b>	<b>(52,732)</b>	<b>(52,699)</b>	<b>(1,55,888)</b>	<b>(1,57,253)</b>	<b>(2,08,807)</b>
9	Exceptional Items (Refer Note 6)	19,52,133	(10)	166	19,52,123	166	166
10	<b>Profit/(Loss) before Tax (8+9)</b>	<b>19,02,649</b>	<b>(52,742)</b>	<b>(52,533)</b>	<b>17,96,235</b>	<b>(1,57,087)</b>	<b>(2,08,641)</b>
11	Income Tax for Earlier Years	-	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-	-
13	<b>Profit/(Loss) After Tax (10+11+12)</b>	<b>19,02,649</b>	<b>(52,742)</b>	<b>(52,533)</b>	<b>17,96,235</b>	<b>(1,57,087)</b>	<b>(2,08,641)</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	-	-	-	-	-	-
(ii)	Add:- Consolidated share in the profit/(loss) of associate	(11)	27	12	19	55	45
	<b>Total Other Comprehensive Income for the period/year</b>	<b>(11)</b>	<b>27</b>	<b>12</b>	<b>19</b>	<b>55</b>	<b>45</b>
15	<b>Total Comprehensive Income for the period/year (13+14)</b>	<b>19,02,638</b>	<b>(52,715)</b>	<b>(52,521)</b>	<b>17,96,254</b>	<b>(1,57,032)</b>	<b>(2,08,596)</b>
16	Paid-up Equity Share Capital (Face Value of INR 10 Each)	268,22	73,759	73,759	248,22	73,759	73,759
17	Other Equity	-	-	-	-	-	(18,12,749)
18	<b>Earnings Per Share (EPS) (* Not Annualised)</b>						
(a)	Basic EPS (INR)	* 70,935.72	* (7.15)	* (7.12)	* 66,969.43	* (21.29)	(28.28)
(b)	Diluted EPS (INR)	* 70,935.72	* (7.15)	* (7.12)	* 66,969.43	* (21.29)	(28.28)





## Background of the Company

1. The consolidated financial results comprise the unaudited standalone financial results ("as restated") of Reliance Naval and Engineering Limited ("RNEL" or "the Company") and its subsidiaries and associates for the period ended December 31<sup>st</sup>, 2022.

2. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Uchhaiya, Via- Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the construction of vessels, repairs, and refits of ships and rigs, and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the license and contract to build Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The Shipyard has the only modular shipbuilding facility in India with the capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has an annual capacity of 144,000 tons/year. The shipyard has a pre-erection berth of 980 meters in length and 40 meters in width and one Goliath crane with a lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

3. On September 4<sup>th</sup>, 2018, IDBI Bank in its capacity of financial creditor 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 the Company. The NCLT, vide its order dated January 15<sup>th</sup>, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code and appointed 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<sup>th</sup>, 2020, the Committee of Creditors (the "CoC") has replaced IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5<sup>th</sup>, 2020. The powers of the Board of Directors of the Company were suspended with effect from January 15<sup>th</sup>, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended till the end of the current period, i.e. December 31<sup>st</sup>, 2022. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23<sup>rd</sup>, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its 3<sup>rd</sup> MC meeting dated January 31<sup>st</sup>, 2023.

In line with the approved resolution plan, the Successful Resolution Applicant ("SRA") deposited upfront payment tranches on October 27<sup>th</sup>, 2023, and the same has been received in the designated bank account of the Company. By January 4<sup>th</sup>, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4<sup>th</sup>, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company. The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.



As per the sanctioned resolution plan, an upfront payment of INR 200 Crore was to be made by SRA by March 23<sup>rd</sup>, 2023. SRA had taken approval from NCLT for an extension till November 15<sup>th</sup>, 2023 for depositing the same. The actual deposit was done on October 27<sup>th</sup>, 2023. And further, the first tranche of deferred payment of INR 312 Crore was to be made by SRA by December 23<sup>rd</sup>, 2023. The SRA has taken approval of NCLT for an extension of one year to pay the first tranche i.e. by December 23<sup>rd</sup>, 2024, which has actually been paid on August 07<sup>th</sup>, 2024.

4. These consolidated financial results are prepared to incorporate the effects of the resolution plan approved by the Hon'ble NCLT Ahmedabad bench on December 23<sup>rd</sup>, 2022, and also to give the effect of changes in the position of assets and liabilities arising out of the reassessment of their existence as ascertained by the current management of the Company. M/s. Pipara & Co LLP resigned on October 12<sup>th</sup>, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18<sup>th</sup>, 2024.

#### **Business Revival and Continuity Plan**

5. The new management of the company is revitalizing the business through a comprehensive approach that strategically targets key market segments and establishes a clear roadmap to secure a competitive edge by focusing on 5 key levers:
  - a. Liquidation of WIP vessels and inventory: The company acquired 8 work-in-progress vessels presently at the yard and has received offers for liquidation of the OSVs.
  - b. Focused business strategy and sustainable revenue generation: The company is focused on building and converting a robust commercial pipeline by global and domestic reach outs for shipbuilding, repair and offshore fabrication opportunities. The company has received their first repair order starting in August 2024 and will be operational for new build from December 2024.
  - c. Yard Readiness: The company is currently reinstating and operationalizing the 600+ acres shipyard. As of date, the shipyard is ready to dock vessels and provide general repair services and is in the process of fully restoring their fabrication facility.
  - d. Organization building: The company is also focusing on talent identification and recruitment to build a capable workforce.
  - e. Capacity augmentation: The company is also actively engaged in planning for additional capacity to integrate a maritime vendor ecosystem and meet the global demand by increasing docking and berthing space. They are in the process of building a comprehensive yard design and layout strategy.





**Restatement of consolidated financial results**

6. The following effect of the resolution plan has been given. INR in lakhs

Sr no.	Particulars as per plan	Particulars as per financials	Approved amount as per the Resolution Plan	Reduction in liabilities as per NCLT order	Disclosure
1	Financial Creditors	Compulsorily Redeemable Preference Shares	2,04,000.00	19,78,963.48	The amount of gain has been shown as a recasting gain under the head exceptional item in the profit and loss account.
2		Unsecured Loans			
3		Current Maturities of Long-Term Debts			
4		Interest accrued and due on borrowings			
Total			2,04,000.00	19,78,963.48	
5	Operational Creditors	Trade Payables	157.00	40,959.12	
6	Employees	Salaries Payable includes all statutory liability related to employees	151.00	929.52	
7	Other Debts and Dues	Other Debts and Dues	65.00	-	Being ascertained.
Total			2,04,373.00	20,20,852.12	

Other effects of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company. INR in lakhs

Sr no.	Particulars	Amount
1	Fixed Assets written off	(257.10)
2	Fixed Assets impaired	(20.78)
3	Security Deposits written off	(30.26)
4	Raw material Inventory written off	(29,431.57)
5	Work in progress written off	(38,629.94)
6	Cash and Cash Equivalents balance written back	12.11
7	GST and Cenvat credit balance written off	(619.63)
8	Provision created for advance to vendors	(21,802.67)
9	Increase in Lease liability	(283.57)
10	Decrease in Lease assets (Net of depreciation)	57.07
11	Advance from customers forfeited	2,937.28
12	Other provision reversal	10,705.04
13	Other payable and receivables written back / written off	8,853.63
14	Statutory dues written back	531.37
15	Provision made for Contract Receivable in progress	(740.57)
	Total	(68,719.59)



The following assets which were impaired in previous years have been written off now and have no impact on recasting gain. Rupees in lakhs

Sr no.	Particulars	Amount
1	Investment in ROML Engineering and Offshore Limited	5.00
2	Investment in REDS Marine Services Limited	5.00
3	Trade Receivables	79,508.24
4	Shipbuilding Contracts Receivables	1,73,219.05
5	Subsidy Receivable For Shipbuilding	7,830.03
6	Capital Work in Progress includes	4,44,503.82
	Total	7,05,071.14

Going Concern

7. The new management has been granted full control of the affairs of the company with effect from January 4<sup>th</sup>, 2024, the consolidated financial statement for the period and year ended December 31<sup>st</sup>, 2022 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 3.

Legal Cases

8. The amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from the Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15<sup>th</sup>, 2020.
- The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17<sup>th</sup>, 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 the 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 the communication of such decision to the Company.
- Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31<sup>st</sup>, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced 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.
- RP has filed I.A. in NCLT against the cancellation of the order. Pending the final decision by NCLT and the MOD which is due for hearing, the Company has conservatively decided to write off the same.
9. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4<sup>th</sup>, 2023 which has been set aside by NCLAT by its





order dated July 25<sup>th</sup>, 2024. Investment of the company in its subsidiary has been impaired during the previous year.

The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

10. The investments in the wholly-owned subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited which were impaired in previous year's have been written off during the period, as both companies are admitted for liquidation on December 6<sup>th</sup>, 2021, and September 14<sup>th</sup>, 2021 respectively.

#### Other

11. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
12. The Finance Cost includes INR 15.67 lakhs as interest on Interim Funding received during CIRP Period which is treated as CIRP Cost.
13. The figures for the quarter ended December 31<sup>st</sup>, 2022 are the balancing figures between the unaudited consolidated figure for the period ended December 31<sup>st</sup>, 2022, and year-to-date unaudited consolidated financial results for the period ended September 30<sup>th</sup>, 2022.
14. Other Current Financial Liabilities Include a refundable security deposit of INR 5,00,00,000/- received from the prospective resolution applicant, On January 18<sup>th</sup>, 2023 the same has been repaid.
15. RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and the Counterparty, a full and final settlement of INR 40,15,517/- was received on February 22<sup>nd</sup>, 2023.
16. During the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is INR 2,961 lakhs, and the sale value is INR 1,156 lakhs and the buyer is Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to INR 1,805 lakhs during the quarter ended June 30<sup>th</sup>, 2022 as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off during the period and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired during the period. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.



17. During the period, prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. The rental income (part of other income) includes a provisional income of INR 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.
18. The Company has not recognized net deferred tax assets as the Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be set off, considering its present order book and anticipated orders and opportunities in the defense sector as evidence.
19. The Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27<sup>th</sup>, 2023.
20. New Management has been appointed as follows on the board of the Company.

Name of Director	Designation	Date of Appointment
Nikhil Vasantlal Merchant*	Chairman & Managing Director	December 8 <sup>th</sup> , 2023
Paresh Vasantlal Merchant	Director	December 8 <sup>th</sup> , 2023
Bhavik Nikhil Merchant	Director	December 8 <sup>th</sup> , 2023
Vivek Paresh Merchant	Director	December 8 <sup>th</sup> , 2023
Kaiyoze Beji Billimoria	Independent Director	December 14 <sup>th</sup> , 2023
Ashishkumar Bairagra	Independent Director	December 14 <sup>th</sup> , 2023
Arun Sinha	Independent Director	December 14 <sup>th</sup> , 2023
Prabhakar Reddy Patil	Independent Director	December 16 <sup>th</sup> , 2023
Maya Swaminathan Sinha	Independent Director	December 14 <sup>th</sup> , 2023
Arvind Jayasing Morbale	Whole-time Director	December 14 <sup>th</sup> , 2023

\*Mr. Nikhil Vasantlal Merchant was appointed as Non-Executive Director on December 8<sup>th</sup>, 2023, and has been redesignated as Chairman & Managing Director w.e.f. February 13<sup>th</sup>, 2024, at the board meeting held on February 13<sup>th</sup>, 2024.

21. The notional finance cost recorded in the Profit and Loss statement from April 1<sup>st</sup>, 2022, to December 23<sup>rd</sup>, 2022, has been reversed under recasting gain reported under exceptional items as of December 23<sup>rd</sup>, 2022, due to the implementation of the resolution plan.
22. As on December 31<sup>st</sup>, 2022, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04<sup>th</sup>, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25<sup>th</sup>, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.



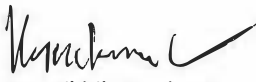


Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases is subject to the outcome of the said cases.

23. As per the applicable accounting framework the entity shall also submit consolidated financial results for the period ending December 31<sup>st</sup>, 2022. There are five subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr no.	Name of the Company	Status
1	E Complex Private Limited	Resolution Plan approved on December 04 <sup>th</sup> , 2023 which has been set aside by NCLAT by its order dated July 25 <sup>th</sup> , 2024.
2	RMOL Engineering and Offshore Limited	Under Liquidation
3	REDS Marine Services Limited	Under Liquidation
4	PDOC Pte. Limited	Active
5	Reliance Technologies and Systems Private Limited	Active

For and on behalf of the Board of Directors,  
**Reliance Naval and Engineering Limited**

  
Mr. Nikhil Merchant  
Chairman & Managing Director  
DIN: 00614790  
Date: November 11th, 2024  
Place: Mumbai



**Independent Auditor's Review Report on Unaudited Standalone Financial Results ("as Restated") of Reliance Naval & Engineering Limited (the 'Company') for the Quarter and nine months ended December 31, 2022 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations")**

To

The Board of Directors of Reliance Naval and Engineering Limited  
Review Report on unaudited Standalone Financials Results ("as Restated")

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

As per the provision of resolution plan, a Monitoring Committee was appointed to implement the plan and monitor the operations of company till the takeover of control by newly appointed board. The Monitoring Committee got discharged on January 4, 2024, and the newly appointed board of directors ("New Management") of the company were given full authority to manage the affairs of the Company in accordance with the provisions of Companies Act, 2013

2. Previously, Pipara & Co LLP, statutory auditors, conducted a limited review of unaudited standalone financial results of the company for the quarter and nine months ended December 31, 2022 vide its review report dated December 08, 2023 and the same was submitted to stock exchange in pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), which were previously approved by the Chairman of Monitoring Committee, which were prepared without necessary adjustments as required as per Resolution Plan and without giving effect to changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company. Since the auditor were unable to obtain sufficient appropriate evidence due to the above-mentioned facts, Disclaimer of conclusion was issued.
3. We were engaged to review the accompanying unaudited standalone financial results ("as restated") of Reliance Naval & Engineering Limited ("the Company") for the quarter and nine months ended December 31, 2022 ("the Statement") attached herewith, 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").





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4. The statement is the responsibility of the Company's Management and those charged with governance, to prepare in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under section 133 of the Companies Act 2013 ('the Act') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
5. The statement have been finalized on November 11, 2024. Accordingly, as required under "SA-560 - Subsequent Events" we have performed audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the review report that require adjustment of, or disclosure in, the financial statements have been identified and accordingly dealt with in the statement and the review report.
6. Although the statement for the quarter and nine months ended 31st December 2022, along with the audited financial statements as of 31st March 2023, were signed and approved by the Board of Directors on the same date, we, as the auditors, do not express an audit opinion on the interim financial results.
7. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143 (10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
8. The statement of company for the nine months ended December 31, 2022 have been prepared on the basis of the trial balance for the period ended December 31, 2022, which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial results as on December 31, 2022. The recasting Gain/loss booked in the financial results have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, *the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.*
9. As per SA 510, para 10, read with SA 705(Revised) as applicable, when an auditor is unable to obtain the sufficient appropriate audit evidence regarding the opening balances, the auditor ~~shall~~ express an opinion (qualified opinion or a disclaimer of opinion), as



appropriate, in accordance with SA 705 (Revised). Since the new management has incorporated the impact of audit qualifications, impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect.

10. Based on our review conducted and procedures performed as stated in paragraph 7 above, except for the possible effects of matters described in the Basis for Qualified Conclusion paragraph 8 & 9, nothing has come to our attention that causes us to believe that the accompanying statement has not been prepared in all material respect in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement

### Emphasis of Matter Paragraph

11. We draw your attention to Note 6 of the Statement which states that the new management has decided to implement the resolution Plan approved under corporate insolvency resolution process by Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad vide its Order dated December 23, 2022. Pursuant to the Order, the new management gave the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained of the Company into the financial results, totalling to INR 19,52,132.53 lakhs in the profit & loss account as recasting gain under the exceptional items. The said amount of INR 19,52,132.53 lakhs comprises of effect of resolution plan of INR 20,20,852.12 lakhs and the other effects of changes in the position of assets and liabilities arising out of reassessment of their existence of INR (68,719.59) lakhs. We also draw your attention to the same note wherein previously impaired assets were written off during the year of INR 7,05,071.14 lakhs and have no impact on recasting gain.
12. We draw your attention to Note 8 of the Statement which states that amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from Ministry of Defence, the Company replied to the notice and filed a writ petition along with a 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 17th, 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 the 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 the communication of such decision to the Company.





Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced 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.

RP has filed I.A. in NCLT against the cancellation of the order. Pending the final decision by NCLT and the MOD which is due for hearing the Company has conservatively decided to write off the same.

13. We draw your attention to Note 9 and 10 of the Statement which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous years. Out of the three wholly owned subsidiaries of the company, one subsidiary E-Complex Private Limited, impairment created in the earlier years is still carried in the books of accounts and two subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited, impairment has been reversed and considered for write-off from the books of accounts during the year.

Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of Company	Nature of Entity	Status
1.	E Complex Private Limited	Subsidiary	Resolution Plan Approved on December 04, 2023 which has been set aside by NCLAT by its order dated July 25, 2024
2.	RMOL Engineering and Offshore Limited	Subsidiary	Under Liquidation
3.	REDS Marine Services Limited	Subsidiary	Under Liquidation
4.	Reliance Technologies and Systems Pvt. Ltd.	Subsidiary	Active
5.	PDOC Pte. Limited	Subsidiary	Active
6.	Conceptia Software Technologies Pvt. Ltd.	Associate	Active

14. We draw your attention to Note No. 15 of the Statement which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May, 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of INR 40,15,517 was received on February 22, 2023.

15. We draw your attention to Note No. 16 of the Statement which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March, 2022 is INR 2,961 lakhs, which has been sold at INR 1,156 lakhs to Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period



amounting to INR 1,805 lakhs as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.

16. We draw your attention to Note No. 17 of the Statement which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period, prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. The rental income (part of other income) includes a provisional income of INR 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.
17. We draw your attention to Note No. 18 of the Statement which state that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defence sector as evidence.
18. We draw your attention to Note 19 of the Statement which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27, 2023.
19. We draw your attention to Note 21 of the Statement which states notional finance cost recorded in the Profit and Loss statement from April 1, 2022, to December 23, 2022, has been reversed under recasting gain reported under exceptional items as of December 23, 2022, due to the implementation of the resolution plan.
20. We draw your attention to Note 22 of the Statement which states as on December 31, 2022, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.





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Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases is subject to the outcome of the said cases.

21. The Company is irregular in payments of Statutory dues and has not filed GST Annual Return for the F.Y. 20118-19, 2019-20, F.Y. 2020-2021, F.Y. 2021-2022 and has not conducted GST Audit for the said period.

22. Going Concern Assessment

We draw your attention to Note 7 of accompanying unaudited standalone financial results ("as restated") which states the unaudited standalone financial results have been prepared on a going concern basis since the new management has been granted full control of the affairs of the company with effect from January 4th, 2024.

## Other Matter

- i. On June 12, 2024 the Audit committee and Board of Directors, passed a resolution to restate financial results of the company for the quarter ended December 31, 2022, being the quarter in which NCLT had approved the resolution plan, and incorporate impact of the Resolution Plan, and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company into the financial statements. Since the previous auditor Pipara & Co LLP has resigned on October 12, 2024, the company has appointed us, N.N Jambusaria & Co to fill the causal vacancy through a board resolution dated October 18th, 2024. Based on a written opinion obtained from a renowned Practising Company Secretary dated October 14, 2024, the new management has decided to restate the unaudited standalone financial results (the 'Restated Financials'), which had been previously signed by the authorized representative of the Monitoring Committee and duly approved by its members.
- ii. Due to non-payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.
- iii. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliance under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations.

Our conclusion on the statement is not modified in respect of these matters.

For N. N. Jambusaria & Co.  
Chartered Accountants  
Firm Reg. No: 104030W



Nimesh N. Jambusaria  
Partner

Mem. No. 038979

UDIN: 24038979BKBNWV9034

Place: Mumbai

Date: November 11, 2024





# Reliance Naval and Engineering Limited

Registered Office: Pipavav Port, Post Uchhaiya, Via Rajula, Dist. Amreli, Gujarat - 365 560, India.  
Website: www.rnavel.co.in, E-mail: rdel.investors@relianceeda.com, CIN: L35110GJ1097PLC033193

Restatement of Unaudited Standalone Financial Results for the Quarter and Nine Month Period Ended December 31, 2022

Sr. No.	Particulars	Quarter Ended			Nine Month Period Ended		INR in Lakhs
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	Year Ended
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from Operations	40	68	237	316	553	632
2	Other Income	70	133	223	444	667	1,107
3	<b>Total Income (1+2)</b>	<b>110</b>	<b>201</b>	<b>460</b>	<b>760</b>	<b>1,220</b>	<b>1,739</b>
4	<b>Expenses</b>						
(a)	Cost of Materials Consumed	-	-	61	23	104	110
(b)	Cost of Raw Material Sold	-	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-	-
(d)	Employee Benefits Expenses	85	88	101	257	383	480
(e)	Labour/Fabrication and Subcontractor Charges	187	121	157	402	494	624
(f)	Power, Fuel and Water	170	124	157	446	328	498
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-	-
(j)	Other Expenses	950	558	490	3,798	924	1,581
	<b>Total Expenses</b>	<b>1,393</b>	<b>892</b>	<b>966</b>	<b>4,926</b>	<b>2,303</b>	<b>3,293</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)</b>	<b>(1,283)</b>	<b>(691)</b>	<b>(506)</b>	<b>(4,166)</b>	<b>(1,083)</b>	<b>(1,554)</b>
6	Finance Costs	46,484	50,323	50,331	1,46,584	1,50,600	1,99,857
7	Depreciation and Amortisation Expenses	1,717	1,718	1,862	5,138	5,570	7,396
8	<b>Profit / (Loss) Before Exceptional Items (5-6-7)</b>	<b>(49,484)</b>	<b>(52,732)</b>	<b>(52,699)</b>	<b>(1,55,888)</b>	<b>(1,57,253)</b>	<b>(2,08,807)</b>
9	Exceptional Items (Refer Note 8)	19,52,133	(10)	166	19,52,123	166	166
10	<b>Profit / (Loss) before Tax (8+9)</b>	<b>19,02,649</b>	<b>(52,742)</b>	<b>(52,533)</b>	<b>17,96,235</b>	<b>(1,57,087)</b>	<b>(2,08,641)</b>
11	Income Tax for Earlier Years	-	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-	-
13	<b>Profit / (Loss) After Tax (10+11+12)</b>	<b>19,02,649</b>	<b>(52,742)</b>	<b>(52,533)</b>	<b>17,96,235</b>	<b>(1,57,087)</b>	<b>(2,08,641)</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	-	-	-	-	-	-
(ii)	Add: Consolidated share in the profit/(loss) of associate	-	-	-	-	-	-
	<b>Total Other Comprehensive Income for the period/year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
15	<b>Total Comprehensive Income for the period/year (13+14)</b>	<b>19,02,649</b>	<b>(52,742)</b>	<b>(52,533)</b>	<b>17,96,235</b>	<b>(1,57,087)</b>	<b>(2,08,641)</b>
16	Paid-up Equity Share Capital (Face Value of INR 10 Each)	268.22	73,759	73,759	268.22	73,759	73,759
17	Other Equity	-	-	-	-	-	(18,12,979)
18	<b>Earnings Per Share (EPS) (* Not Annualised)</b>						
(a)	Basic EPS (INR)	* 70,936.13	* (7.15)	* (7.12)	* 66,968.72	* (21.30)	(28.29)
(b)	Diluted EPS (INR)	* 70,936.13	* (7.15)	* (7.12)	* 66,968.72	* (21.30)	(28.29)



## Background of the Company

1. Herein, the term "financial statement/results" shall be understood to mean "restated financial statement/results."
2. The financial results comprise the financial results of Reliance Naval and Engineering Limited ("RNEL" or "the Company") for the period ended December 31<sup>st</sup>, 2022. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Uchhaiya, Via- Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the construction of vessels, repairs, and refits of ships and rigs, and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the license and contract to build Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The Shipyard has the only modular shipbuilding facility in India with the capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has an annual capacity of 144,000 tons/year. The shipyard has a pre-erection berth of 980 meters in length and 40 meters in width and one Goliath crane with a lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

3. On September 4<sup>th</sup>, 2018, IDBI Bank in its capacity of financial creditor 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 the Company. The NCLT, vide its order dated January 15<sup>th</sup>, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code and appointed 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<sup>th</sup>, 2020, the Committee of Creditors (the "CoC") has replaced IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5<sup>th</sup>, 2020. The powers of the Board of Directors of the Company were suspended with effect from January 15<sup>th</sup>, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended till the end of the current period, i.e. December 31<sup>st</sup>, 2022. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23<sup>rd</sup>, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its 3<sup>rd</sup> MC meeting dated January 31<sup>st</sup>, 2023.

In line with the approved resolution plan, the Successful Resolution Applicant ("SRA") deposited upfront payment tranches on October 27<sup>th</sup>, 2023, and the same has been received in the designated bank account of the Company. By January 4<sup>th</sup>, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4<sup>th</sup>, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company. The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.



As per the sanctioned resolution plan, an upfront payment of INR 200 Crore was to be made by SRA by March 23<sup>rd</sup>, 2023. SRA had taken approval from NCLT for an extension till November 15<sup>th</sup>, 2023 for depositing the same. The actual deposit was done on October 27<sup>th</sup>, 2023. And further, the first tranche of deferred payment of INR 31.2 Crore was to be made by SRA by December 23<sup>rd</sup>, 2023. The SRA has taken approval of NCLT for an extension of one year to pay the first tranche i.e. by December 23<sup>rd</sup>, 2024, which has actually been paid on August 07<sup>th</sup>, 2024.

4. These financial results are prepared to incorporate the effects of the resolution plan approved by the Hon'ble NCLT Ahmedabad bench on December 23<sup>rd</sup>, 2022, and also to give the effect of changes in the position of assets and liabilities arising out of the reassessment of their existence as ascertained by the current management of the Company. These financial results supersede the earlier financial results adopted by the Resolution Professional and duly certified by the previous auditor M/s. Pipara & Co LLP on February 13<sup>th</sup>, 2024. M/s. Pipara & Co LLP resigned on October 12<sup>th</sup>, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18<sup>th</sup>, 2024.

#### Business Revival and Continuity Plan

5. The new management of the company is revitalizing the business through a comprehensive approach that strategically targets key market segments and establishes a clear roadmap to secure a competitive edge by focusing on 5 key levers:
  - a. Liquidation of WIP vessels and inventory: The company acquired 8 work-in-progress vessels presently at the yard and has received offers for liquidation of the OSVs.
  - b. Focused business strategy and sustainable revenue generation: The company is focused on building and converting a robust commercial pipeline by global and domestic reach outs for shipbuilding, repair and offshore fabrication opportunities. The company has received their first repair order starting in August 2024 and will be operational for new build from December 2024.
  - c. Yard Readiness: The company is currently reinstating and operationalizing the 600+ acres shipyard. As of date, the shipyard is ready to dock vessels and provide general repair services and is in the process of fully restoring their fabrication facility.
  - d. Organization building: The company is also focusing on talent identification and recruitment to build a capable workforce.
  - e. Capacity augmentation: The company is also actively engaged in planning for additional capacity to integrate a maritime vendor ecosystem and meet the global demand by increasing docking and berthing space. They are in the process of building a comprehensive yard design and layout strategy.





**Restatement of financial results.**

6. The following effect of the resolution plan has been given.

INR in lakhs

Sr no.	Particulars as per plan	Particulars as per financials	Approved amount as per the Resolution Plan	Reduction in liabilities as per NCLT order	Disclosure
1	Financial Creditors	Compulsorily Redeemable Preference Shares	2,04,000.00	19,78,963.48	The amount of gain has been shown as a recasting gain under the head exceptional item in the profit and loss account.
2		Unsecured Loans			
3		Current Maturities of Long-Term Debts			
4		Interest accrued and due on borrowings			
Total			2,04,000.00	19,78,963.48	
5	Operational Creditors	Trade Payables	157.00	40,959.12	
6	Employees	Salaries Payable includes all statutory liability related to employees	151.00	929.52	
7	Other Debts and Dues	Other Debts and Dues	65.00	-	Being ascertained.
Grand Total			2,04,373.00	20,20,852.12	

Other effects of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company.

INR in lakhs

Sr no.	Particulars	Amount
1	Fixed Assets written off	(257.10)
2	Fixed Assets impaired	(20.78)
3	Security Deposits written off	(30.26)
4	Raw material Inventory written off	(29,431.57)
5	Work in progress written off	(38,629.94)
6	Cash and Cash Equivalents balance written back	12.11
7	GST and Cenvat credit balance written off	(619.63)
8	Provision created for advance to vendors	(21,802.67)
9	Increase in Lease liability	(283.57)
10	Decrease in Lease assets (Net of depreciation)	57.07
11	Advance from customers forfeited	2,937.28
12	Other provision reversal	10,705.04
13	Other payable and receivables written back / written off	8,853.63
14	Statutory dues written back	531.37
15	Provision made for Contract Receivable in progress	(740.57)
	Total	(68,719.59)



The following assets which were impaired in previous years have been written off now and have no impact on recasting gain.

INR in lakhs

Sr no.	Particulars	Amount
1	Investment in ROML Engineering and Offshore Limited	5.00
2	Investment in REDS Marine Services Limited	5.00
3	Trade Receivables	79,508.24
4	Shipbuilding Contracts Receivables	1,73,219.05
5	Subsidy Receivable For Shipbuilding	7,830.03
6	Capital Work in Progress includes	4,44,503.82
	Total	7,05,071.14

#### Going Concern

7. The new management has been granted full control of the affairs of the company with effect from January 4<sup>th</sup>, 2024, the financial statement for the period and year ended December 31<sup>st</sup>, 2022 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 3.

#### Legal Cases

8. The amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15<sup>th</sup>, 2020.

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17<sup>th</sup>, 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 the 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 the communication of such decision to the Company.

Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31<sup>st</sup>, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced 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.

RP has filed I.A. in NCLT against the cancellation of the order. Pending the final decision by NCLT and the MOD which is due for hearing, the Company has conservatively decided to write off the same.

9. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4<sup>th</sup>, 2023 which has been set aside by NCLAT by its



order dated July 25<sup>th</sup>, 2024. Investment of the company in its subsidiary has been impaired during the previous year.

The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

10. The investments in the wholly-owned subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited which were impaired in previous year's have been written off during the period, as both companies are admitted for liquidation on December 6<sup>th</sup>, 2021, and September 14<sup>th</sup>, 2021 respectively.

#### Other

11. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
12. The Finance Cost includes INR 15.67 lakhs as interest on Interim Funding received during CIRP Period which is treated as CIRP Cost.
13. The figures for the quarter ended December 31<sup>st</sup>, 2022 are the balancing figures between the unaudited figure for the period ended December 31<sup>st</sup>, 2022, and year-to-date unaudited financial results for the period ended September 30<sup>th</sup>, 2022.
14. Other Current Financial Liabilities include a refundable security deposit of INR 5,00,00,000/- received from the prospective resolution applicant, On January 18<sup>th</sup>, 2023 the same has been repaid.
15. RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and the Counterparty, a full and final settlement of INR 40,15,517/- was received on February 22<sup>nd</sup>, 2023.
16. During the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is INR 2,961 lakhs, and the sale value is INR 1,156 lakhs and the buyer is Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to INR 1,805 lakhs during the quarter ended June 30<sup>th</sup>, 2022 as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off during the period and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired during the period. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.





17. During the period, prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. The rental income (part of other income) includes a provisional income of INR 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.
18. The Company has not recognized net deferred tax assets as the Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be set off, considering its present order book and anticipated orders and opportunities in the defense sector as evidence.
19. The Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27<sup>th</sup>, 2023.
20. New Management has been appointed as follows on the board of the Company.

Name of Director	Designation	Date of Appointment
Nikhil Vasantlal Merchant*	Chairman & Managing Director	December 8 <sup>th</sup> , 2023
Paresh Vasantlal Merchant	Director	December 8 <sup>th</sup> , 2023
Bhavik Nikhil Merchant	Director	December 8 <sup>th</sup> , 2023
Vivek Paresh Merchant	Director	December 8 <sup>th</sup> , 2023
Kaiyoze Beji Billimoria	Independent Director	December 14 <sup>th</sup> , 2023
Ashishkumar Bairagra	Independent Director	December 14 <sup>th</sup> , 2023
Arun Sinha	Independent Director	December 14 <sup>th</sup> , 2023
Prabhakar Reddy Patil	Independent Director	December 16 <sup>th</sup> , 2023
Maya Swaminathan Sinha	Independent Director	December 14 <sup>th</sup> , 2023
Arvind Jayasing Morbale	Whole-time Director	December 14 <sup>th</sup> , 2023

\*Mr. Nikhil Vasantlal Merchant was appointed as Non-Executive Director on December 8<sup>th</sup>, 2023, and has been redesignated as Chairman & Managing Director w.e.f February 13<sup>th</sup>, 2024, at the board meeting held on February 13<sup>th</sup>, 2024.

21. The notional finance cost recorded in the Profit and Loss statement from April 1<sup>st</sup>, 2022, to December 23<sup>rd</sup>, 2022, has been reversed under recasting gain reported under exceptional items as of December 23<sup>rd</sup>, 2022, due to the implementation of the resolution plan.
22. As on December 31<sup>st</sup>, 2022, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04<sup>th</sup>, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25<sup>th</sup>, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.



Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases is subject to the outcome of the said cases.

For and on behalf of the Board of Directors,  
**Reliance Naval and Engineering Limited**



Mr. Nikhil Merchant  
Chairman & Managing Director  
DIN: 00614790  
Date: November 11th, 2024  
Place: Mumbai

