INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

1. Disclaimer of Opinion

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

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

2. Basis for Disclaimer of Opinion

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

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

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

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

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

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

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

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

ii) This Consolidated Financial Statements of the company have been prepared by the management relying on the Standalone Financial Statements of Parent Company for the year ended March 31, 2022 as adopted and signed by Resolution Professional on December 16, 2022 (i.e., during CIRP Tenure). Subsequent to adoption of said Standalone financial statement, various event has been occurred, however, the management had not considered the financial impact of such events in the Consolidated Financial Statements, which is required in accordance with the provisions of Ind AS 10 "Events after the Reporting Period". Hence, we are unable to ascertain financial impact of such events in the consolidated financial statements in accordance with the SA 560 "Subsequent Events" and accordingly our opinion is qualified on this matter.

iii) We have issued the disclaimer of opinion on the audit of Standalone financial statement of the Holding Company for the year ended March 31, 2022 on December 16, 2022. All of those bases for disclaimer of opinion have been reconsidered in this audit report on the consolidated financial statement for the year ended March 31, 2022.

iv) The Standalone Financial Statement of Parent Company for the year ended March 31, 2022, were prepared on the basis of the trial balance for the period ended March 31, 2021 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2020 and in turn as at March 31, 2021. Prior to the commencement of CIRP, the Board of Directors, whose executive powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the Company together with the KMPs for the year ended 31st March 2020. Thus, the Resolution Professional who had adopted the Standalone Financial Statement of the Parent Company, does not assure the accuracy and reliability of the opening balances as at April 1, 2020.

v) As per SA 510, para 10, read with SA 705 (Revised) as applicable, when an auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since we were unable to obtain appropriate audit evidences pertaining to opening balances to the extent as mentioned in subsequent paras and other financial information, (where applicable), we express a disclaimer of opinion.

vi) The aggregate carrying value of Property, Plant and Equipment (PPE), Right of use of assets, Capital Work in Progress (CWIP), Investments, Other Non-Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc.) is Rs. 3,71,168 Lakhs. The Management had doesn't considers any impact of impairment in the value of tangible, financial and other assets, if any, in preparation of Consolidated Financial Statements and has not made full assessment of impairment as required Ind AS 36 - Impairment of Assets" and "Ind AS 109 - Financial Instruments" if any, as on March 31, 2022 in the carrying value of the above assets. Hence, we are unable to comment on the quantum of provision/impairment to be made on the assets appearing in the accompanying consolidated audited financial statements.

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vii) As on 31st March 2022, the parent company had given Security Deposits (short-term and long-term) amounting to Rs. 9373.28 Lakhs. Out of the said security deposits, an amount of Rs. 7,370 Lakhs was with one of the related party i.e., E-Complex Private Limited ("ECPL") towards the land taken on lease. E-Complex Private Limited ("ECPL") has been admitted under NCLT and undergoing CIRP Process and hence the recoverability of the same may be doubtful. Further, the recoverability of the Security Deposits deposited with Court against certain ongoing legal cases, amounting to Rs. 1,777.97 Lakhs, are subject to the outcome of the said cases.

viii) For the period ended 31st March 2022, the company has Gross Trade Receivables for Rs. 79,580.94 Lakhs, out of which provision for doubtful debt/ECL has been created for Rs. 79,508.24 Lakhs in the previous financial years. The detailed party wise breakup of the same was not available with those charged with governance and the officials of the Parent Company. Hence, we are unable to review the party-wise listing of Rs. 79,508.24 Lakhs and accordingly necessary audit procedures couldn't be performed on the same.

ix) In absence of bank confirmations for 35 current accounts of parent company, as required under SA 505 – External Balance Confirmation, having a book balance of Rs. 2,781.63 Lakhs as on March 31, 2022 and borrowings amounting to Rs. 17,50,517.23 Lakhs; also, non-availability of Bank account statements for 33 current accounts having a book balance of Rs. 161.81 Lakhs as on March 31, 2022, led to incomplete supporting for our audit opinion. Hence, we are unable to comment on the bank transactions as well as the closing balances as appearing in the books of accounts for the said bank balances.

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

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

Considering the above event, the total receivables for shipbuilding contract including bank guarantee invoked by Ministry of Defense amounting to Rs. 1,68,431.42 Lakhs have been considered for the impairment testing by the management and below mentioned accounting

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effects has been considered under the unaudited financial results for the quarter ended June 30, 2020.

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

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

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

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

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

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

Amount in Rs. Lakhs

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

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Particular	CGTS	FVP
3) Reversal of Profit booked on account of the Contract (Shown under the exceptional item)		35.86
Sub-Total (B)	**7,599.01**	**(4,017.06)**

*Since the Ministry of Defense has already encashed the Bank Guarantees provided against the Advances Received by Reliance Naval and Engineering Limited, the same has been recorded by the Company as financial Liability and hence liability for advance received from customer towards CGTS and FVP amounting to Rs. 16,040.84 lakhs have been reversed and shown under the exceptional item in the audited financial statements for the previous year ended March-21.
An action against this termination by way of a petition in NCLT is filed in March 2022. Pending the final decision in the matter no provision / adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above financial statements.
Further, the company had not conducted the impairment testing for the above inventory as on year ended March, 2022 for the reason as stated above and accordingly, our report is qualified to that extent.

xiii) ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award, no provision has been made against Work in progress amounting to Rs. 5,684 Lakhs and Advance against purchase of Material/ Services and Inventories. Further, in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (OSVs), we are unable to comment on the quantum of the provision/adjustments to be accounted for with respect to Advance given to vendor related to OSVs and inventories relating to the said project (OSVs) in the audited consolidated financial statements for the year ended March 31, 2022.

xiv) Company had not conduced physical verification of inventory as on 31st March 2022. Hence, we are unable to comment on the adequacy of physical verification process of the company.

xv) As per Regulation 33(3)(b) of the SEBI LODR Regulations, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial statements. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the Company has prepared these financial statements on the basis of data available only for the purpose of compliance of Companies Act, 2013 and rules made thereunder. The company has not prepared the consolidated financial results for the year ended March 31, 2022, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 following exemption towards previous pending compliances, pursuant to the order of Honorable NCLT, Ahmedabad dated December 23, 2022. Further, the company has received communication from NSE vide letter dated June 13, 2024, that the company is required to comply with the regulation 33 from the Quarter ended December, 2022.

3. Material uncertainty related to Going Concern

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

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Our opinion is not modified in respect of this matter.

4. Emphasis of Matter Para

i. We draw your attention to note no. 44 of the financial statements which states that there was a large-scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit the company premises at Pipavav, Gujarat during May 2021. Parent Company had not made any provision for the same in the accounts for year ended March 31, 2022.

ii. We draw your attention to note no. 44 of the financial statements which inter alia states that the company had sold the scrap material of goods damaged due to Cyclone Tauktae, which impacted the company's premises in May 2021. The damaged goods sold as scrap, however, sales realization is not considered as revenue of the company.

iii. We draw your attention to note no. 9 of the financial statements which state that, during the process of reconciliation, the RP team has noticed that the Banks have renewed the Company's Fixed Deposits during FY 2019-20 which were adjusted by the Company against the liabilities of the same banks on maturity dates in books of accounts. However, the said Fixed Deposits were renewed by the Bank and were not appropriated by the banks against the liability and hence, the Fixed Deposits have been restated during the quarter ended 30th June, 2021. Further bank vide email communication dated 14th July 2021, states that Fixed Deposits were adjusted against the Bank guarantee along with interest amount.

iv. The company is irregular in payments of Statutory dues and has not filed GST Annual Return for the FY 2018-19, 2019-20, FY 2020-2021 and FY 2021-2022 and has also not conducted GST Audit for the said period.

v. The Company has accounted certain expenses grouped under other expenses related to previous financial years.

vi. We draw you attention on note no. 44 of accompanying audited financial statements which state that the AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues.

vii. We draw your attention on note no. 44 of accompanying audited financial statements which inter-alia state that, company has not appointed internal auditor for the year FY 2021-22, which is in contravention of the requirement of Companies Act 2013.

viii. We draw your attention to note no. 4 of accompanying consolidated financial statements which states that the Company has not recognized net deferred tax assets as Company is in process to evaluate the future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defense sector as evidences.

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

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

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

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

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

6. Management's Responsibilities for the Statements

i. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates and Jointly controlled entities/joint ventures in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

ii. In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

iii. The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

iv. This Consolidated Financial Statement has been prepared based on the audited Standalone financial statement and the available financial statement of subsidiaries and associates for the

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year ended March 31, 2022.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities/ joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

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

8. Other Matters

i. We did not audit the financial statements of one associate whose share of Profit amounting to Rs. 44.91 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on the reports of the other auditors.

ii. Due to non- payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.

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

9. Report on Other Legal and Regulatory Requirements

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

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

b) The Company has maintained books of account however, due to conditions and the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account (i.e. correctness/completeness etc. of the books) as required by law have been kept by the company.

c) The Consolidated Balance sheet, consolidated statement of profit & loss (including other comprehensive income), the consolidated statement of changes in Equity and consolidated statement of cash flows dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the matters mentioned in the Basis of Disclaimer of Opinion and Emphasis of matter para above, in our opinion, the aforesaid consolidated financial statements comply with Ind AS Specified under section 133 of the Act;

e) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion, , may have an adverse effect on the functioning of the Group;

f) Due to absence of information, we are unable to comment if the directors during the FY 2021-22 are disqualified as on 31st March 2022, from being appointed as a director in terms of section 164(2) of the act. However, on the basis of the written representations received from the directors Holding Company as on the date of signing of these consolidated financial statement which has been taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate company, none of the directors of the Parent Company and its associate company incorporated in India is disqualified as on the date of signing of these consolidated financial statement from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses disclaimer of opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.

h) In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of associate company incorporated in India, there is no remuneration paid by the Holding Company to its directors.

i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014 in our opinion best of our Information and according to the explanations given to us:

   i. Due to the reasons mentioned in the Basis of Disclaimer of Opinion, we are unable to comment if the Company has disclosed the complete impact of pending litigation on its financial position in its financial statements under Note 30.1;

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ii. Based on the representations by the Company, we have noted that Company does not have any long-term contracts including derivatives contracts for which any provision is required;

iii. Based on the latest available secretarial audit report and representations from the Company we noted that Company is not required to transfer amounts to the Investor Education and Protection Fund.

iv.

(a) Due to the reasons mentioned in the disclaimer of opinion above, we are unable to comment upon whether the respective Managements of the Parent and its subsidiaries, associates, have advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds).

(b) Due to the reasons mentioned in the disclaimer of opinion above, we are unable to comment upon whether the respective Managements of the Holding Company and its subsidiaries, associates which are companies incorporated in India, whether any funds have been received by the Holding Company or any of such subsidiaries, associates, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Due to the reasons mentioned above, we are unable to comment we are unable to comment whether representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Holding Company and its associate which are incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi. Considering that this Consolidated financial statement has been prepared for the year ended March 31, 2022 and accordingly this clause pertaining to audit log will not be applicable for the Company.

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Bhawik Madrecha
Partner
M. No: 163412

Place: Mumbai
Date: October 10, 2024
UDIN: 24163412BKCALH1575

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

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

Basis for Disclaimer of Opinion

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

Disclaimer of Opinion

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

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Bhawik Madrecha
Partner
M.No. 163412

Place: Mumbai
Date: October 10, 2024

Reliance Naval and Engineering Limited

Consolidated Balance Sheet as at March 31, 2022

Rs in Lakhs

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

Significant Accounting Policies	1
Notes to Financial Statements	2 to 44

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

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

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Vivek Merchant
Director
DIN : 06389079

Mr. Rishi Chopra
Chief Financial Officer
Place : Mumbai
Date : October 10th, 2024

Mr. Vishant Shetty
Company Secretary

Reliance Naval and Engineering Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

Rs in Lakhs

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

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

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

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Vivek Merchant
Director
DIN : 06389079

Mr. Rishi Chopra
Chief Financial Officer
Place : Mumbai
Date : October 10th, 2024

Mr. Vishant Shetty
Company Secretary

Reliance Naval and Engineering Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A Equity Share Capital

Rs in Lakhs

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

B Other Equity

Rs in Lakhs

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

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

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

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

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

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Vivek Merchant
Director
DIN : 06389079

Mr. Rishi Chopra
Chief Financial Officer
Place : Mumbai
Date : October 10th, 2024

Mr. Vishant Shetty
Company Secretary

Reliance Naval and Engineering Limited

Audited Consolidated Cash Flow Statement for the year ended March 31, 2022

Rs in Lakhs

Sr. No.	Particulars	March 31,2022	March 31,2021
A	**Cash Flow from Operating Activities**		
	Net Loss before Tax	(2,08,639)	(2,12,462)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	7,396	7,378
	Exceptional Items	-	(1,30,165)
	Interest Income	(22)	(51)
	Finance Costs	1,99,857	2,03,181
	Provision for Liquidated Damages	-	-
	Provision for estimated cost over contract revenue	-	-
	Provision for Non-Moving Inventory	-	-
	Actuarial gains/(losses) on defined benefit plans	-	-
	Cost Estimated for Revenue Recognised	-	-
	Balances Written off (net)	-	-
	Foreign Exchange Loss/(Gain) (net)	-	-
	Operating profit/(loss) before working capital changes	(1,408)	(1,32,119)
	Adjusted for		
	Inventories	256	(1,59,398)
	Trade and Other Receivables	(311)	1,74,218
	Trade and Other Payables	2,02,176	1,88,237
	Cash Used in Operations	**2,00,713**	**70,938**
	Direct Taxes (Paid) / Refund	14	18
	Net Cash Flow Used in Operating Activities	**2,00,727**	**70,956**
B	**Cash Flow from Investing Activities**		
	Sale of Property, Plant and Equipment and Capital Work in Progress	-	-
	FD kept with bank	213	(184)
	Interest Received	22	51
	Net Cash Flow (used in)/from Investing Activities	**235**	**(133)**
C	**Cash Flow from Financing Activities**		
	Increase in Borrowings	-	424
	Accrued Interest	(1,99,858)	(2,03,182)
	Recording of Borrowings as per claims	-	1,30,165
	Payment towards Lease Liability	-	-
	Impairment of Investments	-	1,897
	Net Cash Flow (used in) / from Financing Activities	**(1,99,858)**	**(70,696)**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**1,104**	**127**
	Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
	*Exchange Difference on Foreign Currency is Rs. 86 in current year and Rs. 28,861 in previous year.		
	Cash and Cash Equivalents - Opening balance	1,678	1,564
	Less: Elimination of subsidiaries		(13)
	Cash and Cash Equivalents - Closing balance	2,782	1,678

Notes :

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.

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

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

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

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

Mr. Nikhil Merchant
Chairman & Managing Direc
DIN : 00614790

Mr. Vivek Merchant
Director
DIN : 06389079

Mr. Rishi Chopra
Chief Financial Officer
Place : Mumbai
Date : October 10th, 2024

Mr. Vishant Shetty
Company Secretary

Notes to Consolidated Financial Statements

Note - 1
Statement of Material Accounting Policies

General Information

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

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

On September 4th, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company"). The NCLT, vide its order dated January 15th, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also recorded the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13th, 2020, the Committee of Creditors (the "CoC") had replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT had approved the appointment of RP vide its order dated May 5th, 2020. Under the IBC proceedings during the CIRP tenure, the powers of the board have been suspended with effect from January 15, 2020. And in such tenure, the powers of the Board of Directors were to be exercised by the RP. The RP, in the capacity of an authorized person, prepared the standalone financial statements during the CIRP tenure.

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

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

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

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

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

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

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

On the date of the signing of the Standalone financial statements by the resolution professional for the year ended March 31, 2022, the information related to the financial statements of the subsidiaries and associate company were not available. Subsequently, the new management has taken efforts to obtain the financial information of subsidiaries and associate companies, against which the new management has been able to obtain the financial statement of only associate company (i.e., Conceptia Software Technologies Pvt Ltd)and, accordingly prepared the consolidated financial statement on the basis of data available only for the purpose of compliance of Companies Act, 2013 and rules made thereunder.

While signing of the standalone financial statement for the year ended March 31, 2022, the position of the Company Secretary and Chief Financial Officer were vacate, therefore financial statements were signed by the Resolution professional. As on date of signing of the consolidated financial statement the Company Secretary and Chief Financial Officer are on board and the consolidated financial statement are signed by them

Material Accounting Policies

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

1.1 **Basis of Preparation of Consolidated Financial Statements:**

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

1.2 **Historical Cost Convention:**

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

i. Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS

ii. Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;

iii. Defined benefit plans - plan assets measured at fair value, and

iv. Assets held for sale – measured at fair value less cost to sell.

1.3 **Principles of Consolidation:**

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

i. The consolidated financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra - group balances and intra - group transactions in accordance with Ind AS 110 "Consolidated Financial Statements"

ii. Subsidiaries are the entities controlled by the Company. The Company controls a company when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

iii. In case of a foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. The resultant translation exchange differences have been transferred to foreign currency translation reserves through other comprehensive income.

iv. **Non - Controlling Interests (NCI):**
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

v. **Transactions eliminated on consolidation:**
Intra - group balances and transactions and any unrealised income and expenses arising from intra-group transactions, net of deferred taxes, are not being eliminated on account of absence of the financial information of the subsidiaries.

vi. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

vii. Investments in Associate Company have been accounted under the equity method as per Ind AS 28 "Investments in Associates and Joint Ventures".

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

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

Estimates and assumptions are required in particular for:

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

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

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

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

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

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

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

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

1.6 **Current Versus Non Current Classification:**

I. **The assets and liabilities in the Balance Sheet are based on current / non - current classification. An asset is current when it is:**
1 Expected to be realised or intended to be sold or consumed in normal operating cycle
2 Held primarily for the purpose of trading
3 Expected to be realised within twelve months after the reporting period, or
4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current

II **A liability is current when it is:**
1 Expected to be settled in normal operating cycle
2 Held primarily for the purpose of trading
3 Due to be settled within twelve months after the reporting period, or
4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
All other liabilities are treated as non - current.

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

1.7 **Other Accounting Policies:**

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

Reliance Naval And Engineering Limited

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Notes to Consolidated Financial Statements

II Depreciation:

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

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

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

ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.

iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III Borrowing Costs:

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

IV Intangible Assets:

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

V Fair Value Measurement:

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

VI Inventories:

i. Raw Materials, Stores and Spares, Work – in - Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.

ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 - Leases:

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

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

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

VIII Government Subsidy:

i Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

ii Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.

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

IX Foreign Currency Transactions:

i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.

iii. Non monetary foreign currency items are carried at historical cost.

iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

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

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Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

Financial Assets:

i Classification:

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

ii Initial recognition and measurement:

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

iii Financial Assets measured at amortised cost:

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

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

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

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

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

vi Investment in Subsidiaries and Associates:

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

vii Investment in Equity Instruments:

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

viii Investment in Debt Instruments:

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

ix Derecognition of Financial Assets:

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

x Impairment of Financial Assets:

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

Financial Liabilities:

i Classification:

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

ii Initial recognition and measurement:

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

iii Subsequent measurement:

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

iv Loans and Borrowings:

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

v Derecognition of Financial Liabilities:

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

vi Derivative Financial Instrument and Hedge Accounting:

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequentlyre-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

XI Employee Benefits:

i Short term employee benefits:

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

II. Defined benefit plans:

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

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

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

iii. Other long-term employee benefits:

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

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Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

XII Provision for Current and Deferred Tax:

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

i. Current tax:

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

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

1 has a legally enforceable right to set off the recognised amounts; and

2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

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

Deferred tax assets and liabilities are offset only if:

1 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash - generating unit to which the asset belongs.

XIV Warranty Provision:

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

XV Provision, Contingent Liabilities and Contingent Assets:

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

XVI Earnings per share:

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

1 the profit attributable to owners of the Group;

2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

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

1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and

2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

I **Subsidiary and Associate Companies:**

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

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

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

b **Associate Company (Considered in the Consolidated Financial Statements)**

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

Reliance Naval and Engineering Limited

Notes to Audited Consolidated Financial Statements

Note - 2

A Property, Plant and Equipments

Rs in Lakhs

Depreciation of Assets	Owned Assets							Leased Assets		Intangible Assets	Total
	Land and Site Development	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
I Gross Carrying Amount											
As at April 01, 2021		50,209.58	5,13,929.26	890.77	1,021.39	638.19	5,66,689.19	10,833.84	48,448.78	10,730.31	6,36,702.12
Additions during the year		-	-	-	-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-	-	-	-
As at March 31, 2022		**50,209.58**	**5,13,929.26**	**890.77**	**1,021.39**	**638.19**	**5,66,689.19**	**10,833.84**	**48,448.78**	**10,730.31**	**6,36,702.12**
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2021		17,009.16	1,12,306.95	709.66	848.43	491.76	1,31,365.96	2,073.18	16,305.74	917.24	1,50,662.12
Additions during the year		1,259.20	4,767.59	3.22	2.65	20.85	6,053.51	1,036.59	305.81	-	7,395.91
Deductions		-	-	-	-	-	-	-	-	-	-
As at March 31, 2022		**18,268.36**	**1,17,074.54**	**712.88**	**851.08**	**512.61**	**1,37,419.47**	**3,109.77**	**16,611.55**	**917.24**	**1,58,058.03**
b Impairment											
As at April 01, 2021		8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
Additions during the year		-	-	-	-	-	-	-	-		-
Deductions		-	-	-	-	-	-	-	-	-	-
As at March 31, 2022		**8,001.65**	**3,02,120.12**	**153.08**	**143.01**	**55.59**	**3,10,473.45**	**-**	**25,129.76**	**9,813.07**	**3,45,416.28**
III Net Carrying Amount as at 31.03.2022		**23,939.57**	**94,734.60**	**24.81**	**27.30**	**69.99**	**1,18,796.27**	**7,724.07**	**6,707.47**	**-**	**1,33,227.81**
IV PPE retired from active use and held for disposal		**599**	**2,18,867**	**608**	**901**	**338**	**2,21,313**	**-**	**-**	**10,730**	**2,32,043**
Previous Financial Year											
I Gross Carrying Amount											
As at April 01, 2020	49,073.00	55,137.12	5,21,878.44	971.60	1,095.45	638.19	6,28,793.80	2,203.01	48,448.78	10,730.31	6,90,175.90
Elimination of Subsidiaries	49,073.00	4,927.54	7,949.18	80.83	74.06	-	62,104.61	(8,630.83)	-	-	53,473.78
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**50,209.58**	**5,13,929.26**	**890.77**	**1,021.39**	**638.19**	**5,66,689.19**	**10,833.84**	**48,448.78**	**10,730.31**	**6,36,702.12**
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2020	-	16,998.59	1,12,359.69	777.07	911.77	466.95	1,31,514.07	80.11	15,999.93	917.24	1,48,511.35
Elimination of Subsidiaries	-	1,248.64	4,820.37	76.23	67.03	-	6,212.27	(985.27)	-	-	5,227.00
Additions during the year	-	1,259.21	4,767.63	8.82	3.69	24.81	6,064.16	1,007.80	305.81	-	7,377.77
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**17,009.16**	**1,12,306.95**	**709.66**	**848.43**	**491.76**	**1,31,365.96**	**2,073.18**	**16,305.74**	**917.24**	**1,50,662.12**
b Impairment											
As at April 01, 2020	-	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**8,001.65**	**3,02,120.12**	**153.08**	**143.01**	**55.59**	**3,10,473.45**	**-**	**25,129.76**	**9,813.07**	**3,45,416.28**
III Net Carrying Amount as at 31.03.2021	**-**	**25,198.77**	**99,502.19**	**28.03**	**29.95**	**90.84**	**1,24,849.78**	**8,760.66**	**7,013.28**	**-**	**1,40,623.72**

* Other than Internally Generated.

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

	March 31,2022	March 31,2021
B Capital Work in Progress	3,669.00	3,669.00

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

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

Notes to Audited Consolidated Financial Statements

2.3 Capital Work In Progress (net of Impairment) Includes:

Rs in Lakhs

Particulars	March 31.2022	March 31.2021
- Assets under construction and installation	3.669.00	3.669.00
- Preoperative expenses	-	-

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

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress					-
Projects temporarily suspended				3,669.00	3.669.00

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

Rs in Lakhs

Particulars	March 31.2022	March 31.2021
Property Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in Progress	-	-
Total	-	-

In accordance with the Ind AS 36 on "Impairment of Assets", Capital Work-in-Progress were not tested for impairment during the year. During the year ended March 31, 2020, the Company had recognised an impairment charge of Rs. 6.608.21 lakhs in respect of Property, Plant & Equipment and Capital Work -in-Progress. The impairment recognised is included under exceptional items in the statement of profit and loss. During the financial year 2019 - 2020, the internal team had reviewed the Capital Work -in- Progress whereby it identified an impairment charge of Rs 6,608.21 lakhs.

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

Note - 3
Investments

Rs in Lakhs

Particulars	% of holding	Face Value	Numbers March 31,2022	Numbers March 31,2021	As at March 31, 2022	As at March 31, 2021
Long Term Trade Investments (Unquoted and fully paid up) - Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited (refer note no. 3.3)	100%	Rs. 10	2,17,09,327.00	2,17,09,327.00	1,896.73	1,896.73
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited)	100%	Rs. 10	50,000.00	50,000.00	5.00	5.00
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50%	Rs. 10	1,40,000.00	1,40,000.00	14.00	14.00
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services	100%	Rs. 10	50,000.00	50,000.00	5.00	5.00
Reliance Technologies and Systems Private Limited	100%	Rs. 10	10,000.00	10,000.00	1.00	1.00
PDOC Pte. Limited (Incorporated and place of business at Singapore)	100%	SGD 1	25,000.00	25,000.00	11.74	11.74
					1,933.47	1,933.47
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	Rs. 10	1,12,200.00	1,12,200.00	383.58	338.67
			1,12,200.00	1,12,200.00	383.58	338.67
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)					0.05	0.05
					0.05	0.05
Less - Impairment of Investments					1,933.52	1,933.52
Total					383.58	338.67

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

3.2 Aggregate amount of Non Current Investments.

Rs in Lakhs

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

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

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

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

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

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

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

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

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

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

Rs in Lakhs

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

Notes to Consolidated Financial Statements

4.1 **Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:**
Since the Group has incurred loss during the year ended March 31, 2022 and previous year, no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence not given.

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

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

Rs in Lakhs

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

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

Note - 6
Inventories

Rs in Lakhs

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

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

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

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

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

6.5 As on March 31, 2020, the Company has shipbuilding contracts receivables of Rs. 173,960. lakhs, including invocation of the bank guarantees amounting to Rs. 93,737 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, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advance stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/Services and Inventories has been made in the financial statement, which has been qualified by the auditors in their audit report.

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

Note - 7
Trade Receivables

Rs in Lakhs

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

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

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

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

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

Reliance Naval and Engineering Limited

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Notes to Consolidated Financial Statements

Note - 8
Cash and Cash Equivalents

Rs in Lakhs

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

Note - 9
Other Bank Balances

Rs in Lakhs

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

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

Note - 10
Other Current Financials Assets
(Unsecured & considered good)

Rs in Lakhs

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

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

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

Note - 11
Other Current Assets
(Unsecured & considered good)

Rs in Lakhs

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

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

11.2 **Charge is created on the current assets as under:**

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

ii) first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.

Note - 12
Share Capital

Rs in Lakhs

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

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

Rs in Lakhs

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

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

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

** Less than 5% as at March 31, 2022*

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

12.3 Terms and Rights attached to Equity Shares:

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

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

Note: Please refer to Note 3.7 for detailed information regarding subsidiary and associate companies.

Note - 13
Other Equity

Rs in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
Capital Reserve				
Opening Balance	6,254.96		6,254.96	
Additions during the year	-		-	
		6,254.96		6,254.96
Securities Premium Account				
Opening Balance	1,50,011.33		1,50,011.33	
Add :- On Issue of Shares	-		-	
		1,50,011.33		1,50,011.33
Other Reserve				
Opening Balance	22,791.35		64,527.97	
Less : Share of subsidiaries			(41,736.62)	
Additions during the year	-		-	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	(17,83,380.86)		(15,12,392.95)	
Less : Share of subsidiaries			71,705.15	
Add:- Profit(loss) for the year as per profit or loss statement	(2,08,595.51)		(3,42,693.06)	
		(19,91,976.37)		(17,83,380.86)
Other Comprehensive Income				
Opening Balance	169.89		87.89	
Less : Share of subsidiaries	-		1.34	
Add: Movement During the year (net)	-		80.66	
		169.89		169.89
Total		(18,12,748.84)		(16,04,153.33)

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

Nature and Purpose of Reserves :

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

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

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

As explained in "Statement in changes in Equity", the reserves of subsidiaries have been eliminated.

Please refer to Note 3.7 for detailed information regarding subsidiary and associate companies.

Note - 14
Borrowings

Rs in Lakhs

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

14.1 Compulsorily Redeemable Preference Shares:

i) 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of Rs 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company. No Dividend has been declared and paid.

ii) As at March 31, 2022 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).

iii) Reconciliation of Preference Shares outstanding at the beginning and at the end of the year

Rs in Lakhs

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

** Accounted on Fair Value. Refer note no 33*

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Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

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

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

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

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

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

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

14.4 **Secured Term loans are secured as under:**

i) first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
ii) first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
iii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.
iv) by way of pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

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

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

Note - 15
Provisions

Rs in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits (refer note no 25.1)	30.75	34.73
Total	30.75	34.73

Note - 16
Short Term Borrowings

Rs in Lakhs

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

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

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

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

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

Note - 17
Trade Payables

Rs in Lakhs

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

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

Rs in Lakhs

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

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Notes to Consolidated Financial Statements

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

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

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

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

Note - 18

Other Current Financial Liabilities

Rs in Lakhs

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

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

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

18.1 The Company had issued a corporate guarantee for loan availed by RMOL Engineering and Offshore Limited (formerly known as Reliance Marine and Offshore Limited) ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the previous year, IFCI had recalled loan on May 29, 2017, and invoked corporate guarantee given by Company on June 6, 2017 and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 due to continued default in repayment of principal and interest against RMOL and the Company.

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

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

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

Rs in Lakhs

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

Note - 19

Other Current Liabilities

Rs in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from Customers	4,518.84	3,023.45
Total	4,518.84	3,023.45

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

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Notes to Consolidated Financial Statements

Note - 20
Current Provisions

Rs in Lakhs

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

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

Rs in Lakhs

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

Note - 21
Revenue from Operations

Rs in Lakhs

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

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

Note - 22
Other Income

Rs in Lakhs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income	21.79	51.17
Dividend on Current Investments / from Associates	-	701.11
Subsidy Received	-	1,515.68
Miscellaneous Income	1,085.31	160.07
Total	1,107.10	2,428.03

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

Note - 23
Cost of Materials Consumed

Rs in Lakhs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Steel Plates and Profiles	0.60	8.68
Equipment and Components	109.69	1,58,631.82
Total	110.29	1,58,640.50

Note - 24
Changes in Inventories of Work - in - Progress and Scrap

Rs in Lakhs

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

Note :

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

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

Note - 25
Employee Benefits Expenses

Rs in Lakhs

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

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Notes to Consolidated Financial Statements

25.1 Employee Benefits

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

Defined Contribution Plan *Rs in Lakhs*

Particulars	March 31,2022	March 31,2021
Employers Contribution to Provident Fund	13.42	18.68
Employers Contribution to Pension Fund	10.73	15.14
	24.15	33.82

Defined Benefit Plan

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

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

a) **Gratuity (Funded)**

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

Rs in Lakhs

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

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

Rs in Lakhs

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

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

Rs in Lakhs

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

iv) **Expenses recognised during the year:**

Rs in Lakhs

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

v) **Assumptions used to determine the defined benefit obligations:**

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

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

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

vi) **Sensitivity Analysis:**

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

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

vii) **Risk Exposure :**

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

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

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Notes to Consolidated Financial Statements

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

Rs in Lakhs

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

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

b) Leave Encashment (Unfunded)

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

Consequently as there is no liability towords the leave encashment acturial valuation has not been carried out

Note : Above details are captured from the Acturiol report. The company had certain gratuity liability Pre-CIRP and also making certain provision for the Post-CIRP basis the calculation done by HR department of the company.
As per the acturial valuation report there is net assets position. However, company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity and levae enacshment in note no. 20 will not match with above disclosure.

Note - 26
Finance Costs

Rs in Lakhs

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

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

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

Note - 27
Other Expenses

Rs in Lakhs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumables, Stores and Spares	231.14	251.83
Power, Fuel and Water	498.33	534.68
Repairs and Maintenance	90.99	87.87
Labour / Fabrication and Subcontractor Charges	623.89	832.27
Equipment Hire Charges	5.98	18.84
Rent	14.86	156.32
Testing and Inspection Charges	5.67	8.30
Infrastructure Facility Charges	-	-
Design, Drawing and Construction Support Fees	-	-
Insurance	328.71	198.63
Cost Estimated for Revenue Recognised	-	-
Provision for Estimated Cost Over Contract Revenue	-	(355.26)
Rates and Taxes	0.02	0.02
Communication Expenses	6.55	11.70
Travelling, Conveyance and Vehicle Hire Charges	14.46	7.65
Legal and Professional Charges	628.06	598.21
Foreign Exchange Difference (net)	2.63	-
Payment to Auditors	25.08	16.50
Advertising, Publicity and Selling Expenses	3.86	12.29
Provision for Liquidated Damages	-	-
Provision for Non-Moving Inventory	-	-
Balances Written off (net)	-	-
Security Expenses	134.00	37.70
Miscellaneous Expenses	88.33	17.21
Total	2,702.56	2,434.76

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

27.1 Payment to Auditors includes:

Rs in Lakhs

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

Notes - 28
Exceptional Items

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

Note - 29
Earnings Per Share (Basic and Diluted)

Rs in Lakhs

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Loss attributable to the Equity Shareholders		(2,08,595.51)	(3,42,612.40)
Amount available for calculation of Basic and Diluted EPS	(a)	(2,08,95.51)	(3,42,612.40)
Weighted Average No. of Equity Shares outstanding for Basic and Dilued EPS	(b)	73,75,91,263.00	73,75,91,263.00
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(a) / (b)	(28.28)	(46.45)

PIPARA & CO LLP CHARTERED ACCOUNTANTS

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Notes to Consolidated Financial Statements

Note - 30
Contingent Liabilities and Commitments

30.1 Contingent Liabilities:

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

Rs in Lakhs

Sr. No.	Particulars	March 31,2022	March 31,2021
a)	Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (net of liabilities accounted for)		
	ii) Other Bank Guarantees	72.96	72.96
	(Bank Guarantees are provided under contractual/ legal obligations.)		
b)	Corporate Guarantee	13,924.02	13,924.02
	(Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)		
c)	Demands not acknowledged as Debts (net)		
	i) Income Tax	189.72	178.60
	Majorly the tax demand due to disallowances by the Income tax department and Interest		
	ii) Service Tax, Excise Duty and Sales Tax	3,939.92	3,939.92
	Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.		
	iii) Third Party Claims	15,718.13	15,273.91
	The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.		
d)	Letters of Credit opened in favour of suppliers	0.00	0.00
	(Cash Outflow is expected on receipt of materials from suppliers)		

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

30.2 Commitments:

Rs in Lakhs

Sr. No.	Particulars	March 31,2022	March 31,2021
-	Other Commitments (for investment in the Associates)	312.24	312.24

Note - 31
The Company has issued a Bond cum legal undertaking for Rs. 64,400 lakhs (Previous Year: Rs. 64,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc. a General Bond in favour of the President of India for a sum of Rs. 15,300 lakhs (Previous Year : Rs. 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for Rs. 1,350 lakhs (Previous Year: 1,350 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

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

Note - 32
Going Concern

The Standalone financial statement for the period and year ended March 31, 2022 have been prepared on going concern assumptions by resolution professional while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP.

The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the Consolidated financial statement for the period and year ended March 31, 2022 have been prepared on going concern assumptions by Board of Directors of the Company. This has been further explained in "General Information" in note 1.

Note - 33
Fair Value Measurements

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

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

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

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

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

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

PIPARA & CO LLP ★ CHARTERED ACCOUNTANTS ★

Reliance Naval And Engineering Limited ★

Notes to Consolidated Financial Statements

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

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

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

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

Note - 34
Segment Reporting
The Group is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
Segment information as per Ind AS 108 on Operating Segment :
Information provided in respect of revenue items for the year ended March 31, 2020 and in respect of assets/liabilities as at March 31, 2021

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

II **Revenue from Major Customers :**
Revenue from operations include Rs. 632 lakhs (Previous Year: Rs 630.12 lakhs) from one customer (Previous Year: one customer) having more than 10% of the total revenue

Note - 35
Related Party Disclosures

a) **List of Related parties**

1 **Subsidiary Companies**
E Complex Private Limited (ECPL)
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)
Reliance Technologies and Systems Private Limited (RTSPL)
REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)
PDOC Pte. Ltd. (PDOC)

2 **Associates**
Reliance Defence Systems Private Limited
Reliance Defence Limited (upto April 24th 2020)
Reliance Infrastructure Limited
Conceptia Software Technologies Private Limited

3 **Key Managerial Personnel**

Mr. Madan Pandse (upto: 31-05-2022)	Erstwhile Chief Financial Officer
Mr. Rachakonda Venkata Ramana (upto: 30-09-2023)	Erstwhile Director
Ms. Shibby Joby (upto: 30-09-2023)	Erstwhile Director
Mr. Rishi Chopra (w.e.f.: 03-02-2023)	Chief Financial Officer
Mr. Nikhil Vasantlal Merchant (w.e.f.: 08-12-2023)	Chairman & Managing Director
Mr. Paresh Vasantlal Merchant (w.e.f.: 08-12-2023)	Director
Mr. Bhavik Nikhil Merchant (w.e.f.: 08-12-2023)	Director
Mr. Vivek Paresh Merchant (w.e.f.: 08-12-2023)	Director
Mr. Kaiyoze Beji Billimoria (w.e.f.: 14-12-2023)	Independent Director
Mr. Ashishkumar Bairagra (w.e.f.: 14-12-2023)	Independent Director
Mr. Arun Sinha (w.e.f.: 14-12-2023)	Independent Director
Mr. Prabhakar Reddy Patil (w.e.f.: 16-12-2023)	Independent Director
Ms. Maya Swaminathan Sinha (w.e.f.: 14-12-2023)	Independent Director
Mr. Arvind Jeyasing Morbale (w.e.f.: 14-12-2023)	Whole-time Director
Mr. Vishant Shetty (w.e.f.: 08-12-2023)	Company Secretary

Note
1 Mr. Nikhil Vasantlal Merchant was appointed as Non-Executive Director on December 8th, 2023 and has been redesignated as Chairman & Managing Director w.e.f February 13th, 2024, at the board meeting held on February 13th, 2024.
2 The company's CS resigned on May 28th, 2022 and the Erstwhile CFO resigned on May 31st, 2022. The company informed the Exchange on February 04, 2023 regarding the Appointment of Mr. Rishi Chopra as Chief Financial Officer of the company w.e.f. February 03, 2023. On December 8th, 2023 Mr. Vishant Shetty was appointed as CS of the Company.
3 Mr. Rachakonda Venkata Ramana and Ms. Shibby Joby have resigned as directors effective from September 30th 2023 due to personal reasons, and the cessation of Mr. Debashis Bir's tenure as Director, effective April 12th, 2021, occurred due to his unfortunate demise. New Management has been appointed as mentioned above on the board of the Company.

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

Notes to Consolidated Financial Statements

1 Transactions and closing balance with related parties for the year ended March 31, 2022 (for the period which relationship exist) *Rs in Lakhs*

Nature of transactions	Subsidiary Company					
	RUSPL	REDS	PDOC	ECPL	RMOL	Total
Lease Rent	- (-)	- (-)	- (-)	393.50 (393.50)	- (-)	393.50 (393.50)
Infrastructure Facility Charges	- (-)	- (-)	- (-)	1,240.00 (1,240.00)	- (-)	1,240.00 (1,240.00)
Interest Expenses	- (-)	- (-)	- (-)	617.83 (618.61)	- (-)	617.83 (618.61)
Security Deposits - Non Current	- (-)	- (-)	- (-)	7,370.00 (7,370.00)	- (-)	7,370.00 (7,370.00)
Borrowings (**)						
Balance as at April 1, 2021	- (-)	- (-)	- (-)	5,148.58 (5,174.84)	- (-)	5,148.58 (5,174.84)
Received During the year	- (-)	- (-)	- (-)	- 26.26	- (-)	- 26.26
Repaid during the year	- (-)	- (-)	- (-)	- -	- (-)	- (-)
Balance as at March 31,2022	- (-)	- (-)	- (-)	5,148.58 (5,148.58)	- (-)	5,148.58 (5,148.58)
Interest Payable (**)						
Balance as at March 31, 2022	- (-)	- (-)	- (-)	2,463.66 (1,845.83)	- (-)	2,463.66 (1,845.83)
Corporate Guarantee Given						
Balance as at March 31, 2022	- (-)	6,961.75 (6,961.75)	- (-)	5,021.65 (5,021.65)	- (-)	11,983.40 (11,983.40)
Non Current Investment						
Balance as at March 31, 2022(*)	- (-)	- (-)	- (-)	- (-)	- (-)	- -

Figures in brackets represents previous year's amounts.
(*) Investments in E Complex Private Limited has been impaired during the year
(**) Closing balance

2 Transactions and closing balance with related parties for the year ended March 31, 2022 (for the period which relationship exist) *Rs in Lakhs*

Nature of transactions	Associates			
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	Total
Engineering & Design Fees	- (-)	- (-)	- (-)	- (-)
Rent	- (-)	- (67.94)	- (-)	- (67.94)
Interest Expenses on ICD	- (-)	- (-)	366.86 (366.86)	366.86 (366.86)
Sale of Surplus Material	- (-)	- (-)	- (-)	- (-)
Dividend Received	- (-)	- (-)	- (-)	- (-)
Trade Payables (**)	71.49 (71.49)	752.56 (752.56)	- (-)	824.05 (824.05)
Interest Accrued but not due (**)	- (-)	44,743.28 (44,743.28)	1,737.97 (1,371.11)	46,481.25 (46,114.39)
Borrowings taken				
Balance as at April 1, 2021	- (-)	- (-)	2,934.91 (2,934.91)	2,934.91 (2,934.91)
Received during the year	- (-)	- -	- -	- -
Repaid during the year	- (-)	- (-)	- (-)	- (-)
Assigned to Third Party	- (-)	- (-)	- (-)	- (-)
Balance as at March 31, 2022	- (-)	- (-)	2,934.91 (2,934.91)	2,934.91 (2,934.91)
Non Current Investment				
Balance as at March 31, 2022	383.58 (338.67)	- (-)	- (-)	383.58 (338.67)

Figures in brackets represents previous year's amounts.

3 Transactions with related parties for the quarter ended March 31, 2022. (for the period which relationship exist) *Rs in Lakhs*

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

Figures in brackets represents previous year's amounts.

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

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

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

Note - 36
Operating Lease

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

Future minimum lease payments under non-cancellable operating lease: *Rs in Lakhs*

Sr No	Particulars	Land		Infrastruture Facilities	
		2021-2022	2020-2021	2021-2022	2020-2021
1	Rent debited to Statement of Profit and Loss during the year	594.39	594.39	1,240.00	1,240.00
2	Future Minimum Lease payments payable in:				
	i Less than one year	594.39	594.39	1,240.00	1,240.00
	ii One to five years	924.99	2,600.08	6,935.09	5,260.00
	iii More than five years	10,655.30	11,463.55	3,240.75	2,432.50

Reliance Naval And Engineering Limited

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Notes to Consolidated Financial Statements

Note - 37
Financial Risk Management Objective and Policies

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

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

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

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

I Interest rate exposure profile appended in the table below *Rs in Lakhs*

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

Interest Risk Sensitivity

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

Risk Exposure	As at March 31, 2022		As at March 31, 2021	
Effect on profit/ (loss) before tax due to following change in interest rates	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	2491.33	2491.33	2490.99	2490.99

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

Foreign currency exposures: *Rs in Lakhs*

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

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

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

Rs in Lakhs

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

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

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

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

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

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

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

Note - 38
Capital Management

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

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

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

Capital Gearing Ratio *Rs in Lakhs*

Particulars		As at March 31, 2022	As at March 31, 2021
Equity		73,759.13	73,759.13
Retained Earnings		(18,12,748.84)	(16,04,153.33)
	Total (A)	(17,38,989.71)	(15,30,394.20)
Borrowing			
Non-Current		1,342.79	1,233.44
Current		15,32,948.14	15,32,780.56
	Total (B)	15,34,290.93	15,34,014.00
Capital Gearing Ratio (B/A)		(0.88)	(1.00)

Note - 39
Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 14 and Note No 16 has been invoked by the banks.

Note - 40
Ind AS 115 - Revenue from Contracts with Customers Disclosure:

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

Note - 41
Additional Information, as required under Schedule III to the Companies Act, 2013 of the enterprises consolidate as subsidiary and associate

Rs in Lakhs

Name of the enterprise	Net Assets i.e. Total Assets minus Total Liabilities		Share in Loss	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated loss
Parent				
Reliance Naval and Engineering Limited	(17,39,219.80)	100.02%	(2,08,640.42)	100.02%
Indian Associate (Investment as per the Equity Method)				
Conceptia Software Technologies Private Limited	383.58	-0.02%	44.91	-0.02%
Total Eliminations				
Total	**(17,38,836.22)**	**100.00%**	**(2,08,595.51)**	**100.00%**

Name of the enterprise	Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income
Parent				
Reliance Naval and Engineering Limited	-	0.00%	(2,08,640.42)	100.02%
Indian Associate (Investment as per the Equity Method)				
Conceptia Software Technologies Private Limited	-	0.00%	44.91	-0.02%
Total Eliminations				
Total	**-**	**0.00%**	**(2,08,595.51)**	**100.00%**

Note - 42
The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Group, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Group.

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

Note - 43
As on year ended on March 31, 2022 , the reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was under process. The same is completed and give due effect in year ended March 31, 2023.

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

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Note - 43.1

Ratios as on period ended March 31,2022.

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

Reliance Naval And Engineering Limited

Notes to Consolidated Financial Statements

Note - 43.2

Other Statutory Information

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

Note - 44

Other

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

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

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

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

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

The AGM for the year ended on March 31, 2021, could not be held due to operational and compliance issues.

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

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

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

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

PIPARA & CO LLP CHARTERED ACCOUNTANTS

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

Reliance Naval And Engineering Limited

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Vivek Merchant
Director
DIN : 06389079

Mr. Rishi Chopra
Chief Financial Officer
Place : Mumbai
Date : October 10th, 2024

Mr. Vishant Shetty
Company Secretary