

## Reliance Naval and Engineering Limited

(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

Registered Office: Pipavav Port, Post Uchchayia, Via Rajula, Dist. Amreli, Gujarat - 365 560. India.

Website: www.rnavel.co.in, E-mail: rdel.investors@relianceada.com

### Statement of Audited Consolidated Financial Results for the Year Ended March 31, 2019

| Sr No     | Particulars  | Rs in Lakhs                          |                                      |
|-----------|--|--------------------------------------|--------------------------------------|
|           |  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|           |  | Audited                              | Audited                              |
| <b>1</b>  | <b>Income</b>  |                                      |                                      |
| a         | Revenue from Operations  | 18,000                               | 37,856                               |
| b         | Other Income   | 466                                  | 7,857                                |
|           | <b>Total Income (a+b)</b>  | <b>18,466</b>                        | <b>45,713</b>                        |
| <b>2</b>  | <b>Expenses</b>  |                                      |                                      |
| (a)       | Cost of Materials Consumed   | 19,638                               | 34,628                               |
| (b)       | Cost of Raw Material Sold/ Traded Goods  | 4,722                                | 4,354                                |
| (c)       | Changes in Inventories of Work in Progress & Scrap   | (7,095)                              | (160)                                |
| (d)       | Excise Duty  | -                                    | 8                                    |
| (e)       | Employee Benefits Expenses   | 2,451                                | 3,392                                |
| (f)       | Labour/Fabrication and Subcontractor Charges   | 2,045                                | 10,017                               |
| (g)       | Cost Estimated for Revenue Recognised (Refer note no 2)  | (12,074)                             | (24,853)                             |
| (h)       | Provision for Liquidation Damges   | 530                                  | 8,494                                |
| (i)       | Provision for Impairment of Current Assets   | -                                    | 10,289                               |
| (j)       | Balances Written off (net)   | 9,179                                | -                                    |
| (k)       | Other Expenses   | 7,171                                | 9,565                                |
|           | <b>Total Expenses</b>  | <b>26,567</b>                        | <b>55,734</b>                        |
| <b>3</b>  | <b>Profit/(Loss) from Operations before Depreciation &amp; Amortisation Expenses, Finance Costs, Exceptional Items and Tax (1 - 2)</b> | <b>(8,101)</b>                       | <b>(10,021)</b>                      |
| 4         | Finance Costs  | 1,36,825                             | 75,408                               |
| 5         | Depreciation and Amortisation Expenses   | 7,050                                | 20,773                               |
| <b>6</b>  | <b>Profit / (Loss) Before Exceptional Items and Tax(3-4-5)</b>   | <b>(1,51,976)</b>                    | <b>(1,06,202)</b>                    |
| 7         | Exceptional Items  | (9,01,609)                           | (16,240)                             |
| <b>8</b>  | <b>Profit / (Loss) Before Tax (6 + 7)</b>  | <b>(10,53,585)</b>                   | <b>(1,22,442)</b>                    |
| 9         | Tax Expense - Income Tax for Earlier Years   | (4,638)                              | -                                    |
| 10        | Tax Expense - Deferred Tax Credit/ (Reversal)  | (34,498)                             | 21,245                               |
| <b>11</b> | <b>Profit / (Loss) After Tax (8 + 9 +10)</b>   | <b>(10,92,721)</b>                   | <b>(1,01,197)</b>                    |
| 12        | Add:- Consolidated share in the profits of associate (P.Y.: Rs. 0.08 lakhs)  | 66                                   | -                                    |
| <b>13</b> | <b>Loss for the year (11 + 12)</b>   | <b>(10,92,655)</b>                   | <b>(1,01,197)</b>                    |
| <b>14</b> | <b>Other Comprehensive Income</b>  |                                      |                                      |
| (a)       | Other Comprehensive income not to be reclassified to profit and loss in subsequent year  |                                      |                                      |
| (i)       | Actuarial gains/(losses) on defined benefit plans  | (17)                                 | 41                                   |
| (ii)      | Income Tax effect  | 5                                    | (13)                                 |
| (b)       | Other Comprehensive Income to be reclassified to profit and loss in subsequent year  | -                                    | -                                    |
|           | Exchange differences on translation of Foreign Operations  | -                                    | (1)                                  |
|           | <b>Total Other Comprehensive Income for the year</b>   | <b>(12)</b>                          | <b>27</b>                            |
| <b>15</b> | <b>Total Comprehensive Income for the year (13 + 14)</b>   | <b>(10,92,667)</b>                   | <b>(1,01,170)</b>                    |
| 16        | Paid-up Equity Share Capital (Face Value of Rs. 10 Each)   | 73,759                               | 73,759                               |
| 17        | Other Equity (Reserves and Surplus)  | (11,15,908)                          | (29,415)                             |
| <b>18</b> | <b>Earnings Per Share (EPS)</b>  |                                      |                                      |
| (a)       | Basic EPS (Rs.)  | (148.14)                             | (13.72)                              |
| (b)       | Diluted EPS (Rs.)  | (148.14)                             | (13.72)                              |



## STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

Rs in Lakhs

| Particulars  | Consolidated            |                         |
|--|-------------------------|-------------------------|
|  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|  | Audited                 | Audited                 |
| <b>I ASSETS</b>  |                         |                         |
| <b>(1) Non Current Assets</b>  |                         |                         |
| Property, Plant and Equipment  | 2,01,212                | 5,43,870                |
| Capital Work in Progress   | 10,277                  | 4,69,208                |
| Intangible Assets  | -                       | 9,814                   |
|  | 2,11,489                | 10,22,892               |
| Goodwill on Consolidation  | 1,019                   | 1,019                   |
| Financial Assets   |                         |                         |
| Investments  | 30,278                  | 30,212                  |
| Other Financial Assets   | 3,440                   | 9,546                   |
|  | 33,718                  | 39,758                  |
| Deferred Tax Assets (net)  | -                       | 34,493                  |
| Other Non Current Assets   | 592                     | 17,127                  |
|  | 592                     | 51,620                  |
| <b>(2) Current Assets</b>  |                         |                         |
| Inventories  | 62,217                  | 69,849                  |
|  | 62,217                  | 69,849                  |
| Financial Assets   |                         |                         |
| Investments  | -                       | 74                      |
| Trade Receivables  | 555                     | 1,465                   |
| Cash and Cash Equivalents  | 5,031                   | 7,754                   |
| Other Bank Balances  | 573                     | 9,906                   |
| Other Current Financial Assets   | 82                      | 10,972                  |
|  | 6,241                   | 30,171                  |
| Current Tax (net)  | 983                     | 2,302                   |
| Other Current Assets   | 98,372                  | 81,837                  |
|  | 99,355                  | 84,139                  |
| <b>TOTAL ASSETS</b>  | <b>4,14,631</b>         | <b>12,99,448</b>        |
| <b>II EQUITY AND LIABILITIES</b>   |                         |                         |
| <b>(1) Equity</b>  |                         |                         |
| Equity Share Capital   | 73,759                  | 73,759                  |
| Other Equity   | (11,15,908)             | (29,415)                |
|  | (10,42,149)             | 44,344                  |
| <b>(2) Liabilities</b>   |                         |                         |
| <b>Non Current Liabilities</b>   |                         |                         |
| Financial Liabilities  |                         |                         |
| Borrowings   | 27,762                  | 1,12,691                |
|  | 27,762                  | 1,12,691                |
| Provisions   | 204                     | 241                     |
| Other Non Current Liabilities  | 5,624                   | 5,624                   |
|  | 5,828                   | 5,865                   |
| <b>Current Liabilities</b>   |                         |                         |
| Financial Liabilities  |                         |                         |
| Borrowings   | 5,91,645                | 4,22,226                |
| Trade Payables   |                         |                         |
| Total outstanding dues of micro enterprizes and small enterprizes                      | 852                     | 266                     |
| Total outstanding dues of creditors other than micro enterprizes and small enterprizes | 27,693                  | 28,930                  |
| Other Current Financial Liabilities  | 7,61,869                | 6,29,575                |
|  | 13,82,059               | 10,80,997               |
| Other Current Liabilities  | 5,993                   | 8,592                   |
| Provisions   | 35,138                  | 46,959                  |
|  | 41,131                  | 55,551                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>4,14,631</b>         | <b>12,99,448</b>        |



Report of Segment wise Revenue, Results and Assets & Liabilities, under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

| Sr. No.  | Particulars | Consolidated                         |                                      |
|--|-------------|--------------------------------------|--------------------------------------|
|  |             | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|  |             | Audited                              | Audited                              |
| <b>1. Segment Revenue</b>                                    |             |                                      |                                      |
| a) Ship-building & Fabrication                               | 18,000      | 33,517                               |                                      |
| b) Trading   | -           | 4,339                                |                                      |
| <b>Total</b>   | 18,000      | 37,856                               |                                      |
| Less : Inter-segment Revenue                                 | -           | -                                    |                                      |
| <b>Net Income from Operations</b>                            | 18,000      | 37,856                               |                                      |
| <b>2. Segment Results</b>                                    |             |                                      |                                      |
| (Profit before tax & interest from each segment)             |             |                                      |                                      |
| a) Ship-building & Fabrication                               | (15,617)    | (36,597)                             |                                      |
| b) Trading   | -           | (15)                                 |                                      |
| <b>Total</b>   | (15,617)    | (36,612)                             |                                      |
| Less : i) Finance Costs                                      | 1,36,825    | 75,408                               |                                      |
| ii) Other unallocable expenditure net off unallocated income | (466)       | (5,818)                              |                                      |
| iii) Exceptional Items                                       | 9,01,609    | 16,240                               |                                      |
| <b>Total Profit Before Tax</b>                               | (10,53,585) | (1,22,442)                           |                                      |
| <b>3. Segment Assets</b>                                     |             |                                      |                                      |
| a) Ship-building & Fabrication                               | 3,13,334    | 10,86,847                            |                                      |
| b) Trading   | -           | -                                    |                                      |
| c) Unallocated   | 1,01,297    | 2,12,601                             |                                      |
| <b>4. Segment Liabilities</b>                                |             |                                      |                                      |
| a) Ship-building & Fabrication                               | 79,003      | 89,196                               |                                      |
| b) Trading   | -           | -                                    |                                      |
| c) Unallocated   | 13,77,777   | 11,65,908                            |                                      |

Segments have been identified based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used. Accordingly the Company has identified two segments within the meaning of Ind-AS 108 on "Operating Segment".

- Ship building and Fabrication includes shipbuilding, block manufacturing, ship and rig repairs, fabrication etc. at its SEZ and EOU units situated at Pipavav.
- Trading includes trading activities carried out by one of the subsidiary Company in FY 2017-18.

**Notes :**

- After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on May 28, 2019.
- In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.
- The Company primarily is in the business of Ship Building and Ship Construction. For last few years there is a downtrend in the shipbuilding industry globally and no new orders in commercial ship building and oil & gas sectors are coming to Indian Shipyards, since it is being economically unviable. In Indian defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity.  
  
The lack of new orders, losses in the operations, erosion of net worth and calling back of loans by the secured lenders has resulted into financial constraints on the Company. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far.  
  
The Board of Directors of the Company in FY 2017-18 had mandated committee of directors to carry out the in-depth analysis to arrive at workable solution for the business restructuring of the Company, taking the help of the experts wherever required. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating Rs. 813,289 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to Rs. 88,320 lakhs has been made, considering the overall circumstances.  
  
The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets, the Company is engaged with the lenders to achieve debt resolution.  
  
In view of the above, the Company continues to prepare its accounts on a going concern basis.
- The Company had in 2016, proposed a refinancing scheme with the lenders, wherein Company exiting the CDR Scheme was one of the key requirements as per the then extant RBI Guidelines. 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 FY 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.
- Exceptional items for the year ended March 31, 2019 includes impairment of property plant and equipments and capital work in progress of Rs. 813,289 lakhs and impairment of receivables of Rs. 88,320 lakhs, as mentioned in note 3 above. Exceptional items for the year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.
- The figures for the previous year ended March 31, 2018 have been rearranged and regrouped to make them comparable with those of current year.

Date : May 28, 2019  
Place: Mumbai -



*Debashish Bir*

Debashish Bir  
Whole Time Director and Chief Executive Officer  
DIN - 01932925

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF  
CONSOLIDATED FINANCIAL RESULTS**

**To,**  
**THE BOARD OF DIRECTORS**  
**RELIANCE NAVAL AND ENGINEERING LIMITED**  
(FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)

1. We have audited the accompanying statement of Consolidated Financial Results of **RELIANCE NAVAL AND ENGINEERING LIMITED** (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED) ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, for the year ended March 31, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The statement, which is the responsibility of the Holding Company's Management and is approved by its Board of Directors, has been prepared on the basis of the related Audited Consolidated Financial Statements which has been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such Consolidated Financial Statements.
3. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



#### 4. Opinion

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the statement:

- i) includes the results of entities as given below:

List of Subsidiaries:

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

List of Associate:

- Conceptia Software Technologies Private Limited

- ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- iii) gives a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the loss including other comprehensive income and other financial information of the Group for the year ended March 31, 2019.

#### 5. Material Uncertainty related to Going Concern

Note no. 3 to the Statement regarding preparation of Consolidated Financial Statements of the Holding Company on going concern basis, notwithstanding the fact that the Holding Company continue to incur cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to it's lenders, loans have been called back by secured lenders, non-current assets are significantly impaired, current liabilities exceeded the total assets of the Holding Company, etc. for the reasons stated in the said note. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Holding Company's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon the Holding Company's ability to raise requisite finance / generate cash flows in future to meet it's obligations.

Our opinion is not modified in respect of this matter.



6. **Other Matters**

- a) We did not audit the financial statements/other financial information of 6 subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs. 109,756 Lakhs as at March 31, 2019, total revenues of Rs. 8,064 Lakhs and net cash outflows amounting to Rs. 25 Lakhs for the year ended on that date, as considered in the consolidated financial results and financial statements of an associate, which reflects the Group's share of net profit including total other comprehensive income of Rs. 66 Lakhs for the year ended March 31, 2019 as considered in the Consolidated Financial results. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate are based solely on the reports of the other auditors.

Our Opinion on the Statement is not modified in respect of above matter with regard to our reliance on the work done and the reports of the other auditors.

- b) We draw your attention that the Holding Company has paid managerial remuneration of Rs. 74 Lakhs to its whole time director as approved by the shareholders of the Holding Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.

Our opinion is not modified in respect of this matter.

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

Chartered Accountants

Firm Reg. No. 107783W



Gyandeo Chaturvedi

**Partner**

Membership No.46806



Place: Mumbai

Dated: May 28, 2019

## Reliance Naval and Engineering Limited

(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

Registered Office: Pipavav Port, Post Ucchaiya, Via Rajula, Dist. Amreli, Gujarat - 365 560. India.

Website: www.rnavel.co.in, E-mail: rdel.investors@relianceada.com

### Statement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2019

Rs in Lakhs

| Sr. No.   | Particulars  | Quarter Ended     |                 |                 | Year Ended         |                   |
|-----------|--|-------------------|-----------------|-----------------|--------------------|-------------------|
|           |  | 31-03-2019        | 31-12-2018      | 31-03-2018      | 31.03.2019         | 31-03-2018        |
|           |  | (Refer Note 7)    | Unaudited       | (Refer Note 7)  | Audited            | Audited           |
| <b>1</b>  | <b>Income</b>  |                   |                 |                 |                    |                   |
| a         | Revenue from Operations  | 3,539             | 5,206           | 3,309           | 18,000             | 33,517            |
| b         | Other Income   | 39                | 66              | 167             | 463                | 7,867             |
|           | <b>Total Income (a+b)</b>  | <b>3,578</b>      | <b>5,272</b>    | <b>3,476</b>    | <b>18,463</b>      | <b>41,384</b>     |
| <b>2</b>  | <b>Expenses</b>  |                   |                 |                 |                    |                   |
| (a)       | Cost of Materials Consumed   | 7,848             | 4,100           | 1,883           | 19,638             | 34,628            |
| (b)       | Cost of Raw Material Sold  | 863               | 2,369           | -               | 4,722              | -                 |
| (c)       | Changes in Inventories of Work in Progress & Scrap   | (4,902)           | 2,145           | (111)           | (7,095)            | (160)             |
| (d)       | Excise Duty  | -                 | -               | -               | -                  | 8                 |
| (e)       | Employee Benefits Expense  | 536               | 599             | 866             | 2,451              | 3,377             |
| (f)       | Labour/Fabrication and Subcontractor Charges   | 473               | 471             | 1,002           | 2,045              | 10,017            |
| (g)       | Cost Estimated for Revenue Recognised (Refer note no 2)  | (4,219)           | (4,068)         | (270)           | (12,074)           | (24,853)          |
| (h)       | Foreign Exchange Difference (net)  | (265)             | (1,366)         | -               | 1,739              | 479               |
| (i)       | Provision for Liquidation Damges   | 178               | -               | 8,494           | 530                | 8,494             |
| (j)       | Provision for Impairment of Current Assets   | -                 | -               | 10,289          | -                  | 10,289            |
| (k)       | Balances Written off (net)   | 755               | -               | -               | 755                | -                 |
| (l)       | Other Expenses   | 2,425             | 1,247           | 2,777           | 6,816              | 10,173            |
|           | <b>Total Expenses</b>  | <b>3,692</b>      | <b>5,497</b>    | <b>24,930</b>   | <b>19,527</b>      | <b>52,452</b>     |
| <b>3</b>  | <b>Profit/(Loss) from Operations before Depreciation &amp; Amortisation Expenses, Finance Costs, Exceptional Items and Tax (1 - 2)</b> | <b>(114)</b>      | <b>(225)</b>    | <b>(21,454)</b> | <b>(1,064)</b>     | <b>(11,068)</b>   |
| 4         | Finance Costs  | 36,126            | 31,728          | 19,600          | 1,27,807           | 69,739            |
| 5         | Depreciation and Amortisation Expenses   | (8,994)           | 5,204           | 4,905           | 6,566              | 19,807            |
| <b>6</b>  | <b>Profit / (Loss) Before Exceptional Items and Tax (3 - 4 - 5)</b>  | <b>(27,246)</b>   | <b>(37,157)</b> | <b>(45,959)</b> | <b>(1,35,437)</b>  | <b>(1,00,614)</b> |
| 7         | Exceptional Items  | (8,74,662)        | -               | -               | (8,74,662)         | (16,240)          |
| <b>8</b>  | <b>Profit / (Loss) before Tax (6 + 7)</b>  | <b>(9,01,908)</b> | <b>(37,157)</b> | <b>(45,959)</b> | <b>(10,10,099)</b> | <b>(1,16,854)</b> |
| 9         | Tax Expense - Income Tax for Earlier Years   | (3,508)           | -               | -               | (3,508)            | -                 |
| 10        | Tax Expense - Deferred Tax Credit/ (Reversal)  | (34,498)          | -               | 5,091           | (34,498)           | 21,245            |
| <b>11</b> | <b>Profit / (Loss) After Tax (8 + 9 + 10)</b>  | <b>(9,39,914)</b> | <b>(37,157)</b> | <b>(40,868)</b> | <b>(10,48,105)</b> | <b>(95,609)</b>   |
| <b>12</b> | <b>Other Comprehensive Income</b>  |                   |                 |                 |                    |                   |
|           | <b>Items that will not to be reclassified to profit and loss</b>   |                   |                 |                 |                    |                   |
| (i)       | Actuarial gains/(losses) on defined benefit plans  | (27)              | -               | 57              | (17)               | 41                |
| (ii)      | Income Tax effect  | 5                 | -               | (18)            | 5                  | (13)              |
|           | <b>Total Other Comprehensive Income for the period / year</b>  | <b>(22)</b>       | <b>-</b>        | <b>39</b>       | <b>(12)</b>        | <b>28</b>         |
| <b>13</b> | <b>Total Comprehensive Income for the period / year (11 + 12)</b>  | <b>(9,39,936)</b> | <b>(37,157)</b> | <b>(40,829)</b> | <b>(10,48,117)</b> | <b>(95,581)</b>   |
| 14        | Paid-up Equity Share Capital (Face Value of Rs. 10 Each)   | 73,759            | 73,759          | 73,759          | 73,759             | 73,759            |
| 15        | Other Equity (Reserves and Surplus)  |                   |                 |                 | (10,99,585)        | (51,469)          |
| <b>16</b> | <b>Earnings Per Share (EPS) (* Not Annualised)</b>   |                   |                 |                 |                    |                   |
| (a)       | Basic EPS (Rs.)  | * (127.43)        | * (5.04)        | * (5.54)        | (142.10)           | (12.96)           |
| (b)       | Diluted EPS (Rs.)  | * (127.43)        | * (5.04)        | * (5.54)        | (142.10)           | (12.96)           |



**STATEMENT OF STANDALONE ASSETS AND LIABILITIES**

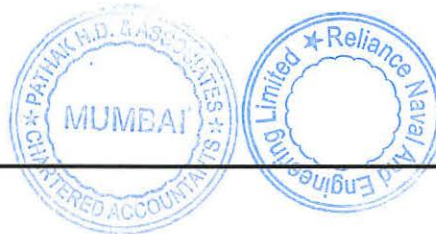
| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
|  | Audited                 | Audited                 |
| <b>I ASSETS</b>  |                         |                         |
| <b>(1) Non Current Assets</b>  |                         |                         |
| Property, Plant and Equipment  | 1,44,600                | 4,86,777                |
| Capital Work in Progress   | 10,277                  | 4,48,618                |
| Intangible Assets  | -                       | 9,813                   |
|  | 1,54,877                | 9,45,208                |
| Financial Assets   |                         |                         |
| Investments  | 2,050                   | 2,087                   |
| Other Financial Assets   | 3,440                   | 1,099                   |
|  | 5,490                   | 3,186                   |
| Deferred Tax Assets (net)  | -                       | 34,493                  |
| Other Non Current Assets   | 7,960                   | 11,379                  |
|  | 7,960                   | 45,872                  |
| <b>(2) Current Assets</b>  |                         |                         |
| Inventories  | 62,217                  | 69,842                  |
|  | 62,217                  | 69,842                  |
| <b>Financial Assets</b>  |                         |                         |
| Trade Receivables  | 555                     | 1,465                   |
| Cash and Cash Equivalents  | 5,006                   | 7,678                   |
| Other Bank Balances  | 573                     | 9,906                   |
| Current Loans  | -                       | 293                     |
| Other Current Financials Assets  | 82                      | 11,052                  |
|  | 6,216                   | 30,394                  |
| Current Tax (net)  | 890                     | 1,350                   |
| Other Current Assets   | 98,360                  | 81,822                  |
|  | 99,250                  | 83,172                  |
| <b>TOTAL ASSETS</b>  | <b>3,36,010</b>         | <b>11,77,674</b>        |
| <b>II EQUITY AND LIABILITIES</b>   |                         |                         |
| <b>(1) Equity</b>  |                         |                         |
| Equity Share Capital   | 73,759                  | 73,759                  |
| Other Equity   | (10,99,585)             | (51,469)                |
|  | (10,25,826)             | 22,290                  |
| <b>(2) Liabilities</b>   |                         |                         |
| <b>Non Current Liabilities</b>   |                         |                         |
| Financial Liabilities  |                         |                         |
| Borrowings   | 22,762                  | 96,753                  |
|  | 22,762                  | 96,753                  |
| Provisions   | 204                     | 241                     |
| Other Non Current Liabilities  | 5,624                   | 5,624                   |
|  | 5,828                   | 5,865                   |
| <b>Current Liabilities</b>   |                         |                         |
| <b>Financial Liabilities</b>   |                         |                         |
| Borrowings   | 5,26,614                | 3,68,490                |
| Trade Payables   |                         |                         |
| Total outstanding dues of micro enterprizes and small enterprizes                      | 852                     | 266                     |
| Total outstanding dues of creditors other than micro enterprizes and small enterprizes | 27,283                  | 28,515                  |
| Other Current Financial Liabilities  | 7,37,372                | 5,99,948                |
|  | 12,92,121               | 9,97,219                |
| Other Current Liabilities  | 5,993                   | 8,592                   |
| Provisions   | 35,132                  | 46,955                  |
|  | 41,125                  | 55,547                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>3,36,010</b>         | <b>11,77,674</b>        |



**Notes :**

- 01 After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on May 28, 2019.
- 02 In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.
- 03 The Company primarily is in the business of Ship Building and Ship Construction. For last few years there is a downtrend in the shipbuilding industry globally and no new orders in commercial ship building and oil & gas sectors are coming to Indian Shipyards, since it is economically unviable. In Indian defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity.
- The lack of new orders, losses in the operations, erosion of net worth and calling back of loans by the secured lenders has resulted into financial constraints on the Company. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far.
- The Board of Directors of the Company in FY 2017-18 had mandated committee of directors to carry out the in-depth analysis to arrive at workable solution for the business restructuring of the Company, taking the help of the experts wherever required. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating Rs. 783,304 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to Rs. 75,326 lakhs has been made, considering the overall circumstances.
- The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets, the Company is enaaqad with the lenders to achieve debt resolution.
- In view of the above, the Company continues to prepare its accounts on a going concern basis.
- 04 The Company had in 2016, proposed a refinancing scheme with the lenders, wherein Company exiting the CDR Scheme was one of the key requirements as per the then extant RBI Guidelines. 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 FY 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.
- 05 Exceptional items for the quarter and year ended March 31, 2019 includes impairment of property plant and equipments and capital work in progress of Rs. 783,304 lakhs and impairment of receivables of Rs. 75,326 lakhs, as mentioned in note 3 above and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of Rs. 16,032 lakhs. Exceptional items for the quarter and year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.
- 06 The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
- 07 The figures for the quarter ended March 31, 2019 and March 31, 2018 are the balancing figures between the audited figure in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year. The figures for the previous periods and for the year ended March 31, 2018 have been rearranged and regrouped to make them comparable with those of current year.

Date : May 28, 2019  
Place: Mumbai



**Debashis Bir**  
Whole Time Director and Chief Executive Officer  
DIN - 01932925

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF  
STANDALONE FINANCIAL RESULTS**

To,  
**THE BOARD OF DIRECTORS**  
**RELIANCE NAVAL AND ENGINEERING LIMITED**  
(FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)

1. We have audited the accompanying statement of Standalone Financial Results of **RELIANCE NAVAL AND ENGINEERING LIMITED** (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED) ("the Company") for the quarter and year ended March 31, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The statement, which is the responsibility of the Company's Management and is approved by its Board of Directors, has been prepared on the basis of the related Audited Standalone Financial Statements which has been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such Financial Statements.
3. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**4. Opinion**

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the statement:

- i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- ii) gives a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the loss including other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2019.

**5. Material Uncertainty related to Going Concern**

Note no. 3 to the Statement regarding preparation of standalone financial statements of the Company on going concern basis, notwithstanding the fact that the Company continue to incur cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to it's lenders, loans have been called back by secured lenders, non-current assets are significantly impaired, current liabilities exceeded the total assets of the Company, etc. for the reasons stated in the said note. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise requisite finance / generate cash flows in future to meet it's obligations.

Our opinion is not modified in respect of this matter.

**6. Other Matters**

- a) We draw your attention that the Company has paid managerial remuneration of Rs. 74 Lakhs to its whole time director as approved by the shareholders of the Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.



- b) The Statement includes the results for the Quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion is not modified in respect of these matters.

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



Gyandeo Chaturvedi  
**Partner**  
Membership No.46806



Place: Mumbai  
Dated: May 28, 2019