RELIANCE NAVAL AND ENGINEERING LIMITED

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

SDHIL/SE/36/2024-25

November 27, 2024

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001
BSE Scrip Code : 533107

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
NSE Symbol : RNAVAL

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") – Annual Report for the F.Y. 2022-23 and the Notice of 26th Annual General Meeting of Members of the Company.

Dear Sir, Madam,

In reference to the captioned subject and pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform you that the 26th Annual General Meeting ("**AGM**") of the Company schedule to be held on Friday, December 27, 2024 at 11.30 AM (IST) through Video Conferencing / Other Audio-Visual Means. We are submitting herewith Annual Report for the F.Y. 2022-23 and Notice of AGM, which is being sent through electronic mode to the Members.

The Cut-off date for determining the eligibility of shareholders for e-voting in respect of the Agenda Items as set out in the Notice is Thursday, December 19, 2024.

The Company has provided the facility to vote by electronic means (remote e-voting as well as e-voting at the AGM) on the resolution as set out in the AGM Notice. The e-voting shall commence on Monday, December 16, 2024 at 09:00 a.m. and will end on Thursday, December 26, 2024 at 05:00 p.m.

The copy of the Annual Report & Notice of AGM is also uploaded on the website of the Company i.e. https://www.rnaval.co.in/

Kindly take the same on your record.

Thanking you,

Yours truly,
For **Reliance Naval and Engineering Limited**

PARESH VASANTLAL MERCHANT
Digitally signed by PARESH VASANTLAL MERCHANT
Date: 2024.11.27 19:19:47 +05'30'

Paresh Merchant
Director
DIN: 00660027

Enclosed as above

RELIANCE NAVAL AND ENGINEERING LIMITED

26^{TH} ANNUAL REPORT

For the year ended 31.03.2023

BOARD OF DIRECTORS (RECONSTITUTED)

Mr. Nikhil Merchant
(Appointed as Chairman & Managing Director w.e.f. December 08, 2023)

Mr. Arun Sinha
(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Kaiyoze Billimoria
(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Ashishkumar Bairagra
(Appointed as an Independent Director w.e.f. December 14, 2023)

Ms. Maya Sinha
(Appointed as an Independent Director w.e.f. December 14, 2023)

Mr. Prabhakar Reddy Patil
(Appointed as an Independent Director w.e.f. December 16, 2023)

Mr. Paresh Merchant
(Appointed as a Director w.e.f. December 08, 2023)

Mr. Vivek Merchant
(Appointed as a Director w.e.f. December 08, 2023)

Mr. Bhavik Merchant
(Appointed as a Director w.e.f. December 08, 2023)

Mr. Arvind Morbale
(Appointed as Whole-time Director w.e.f. December 14, 2023)

BOARD OF DIRECTORS (SUSPENDED DURING CIRP)

Mr. Venkata Rachakonda
(Ceased to be a director w.e.f. September 30, 2023)

Ms. Shiby Jobby
(Ceased to be a director w.e.f. September 30, 2023)

KEY MANAGERIAL PERSONNEL

RAdm Vipin Kumar Saxena (Retd.)
(Appointed as Chief Executive Officer with effect from October 10, 2024)

Mr. Rishi Chopra
(Appointed as a Chief Financial Officer w.e.f. February 03, 2023)

Mr. Vishant Shetty
(Appointed as a Company Secretary w.e.f. December 08, 2023)

Mr. Madan Pendse
(Ceased to be Chief Financial Officer w.e.f. May 31, 2022)

STATUTORY AUDITORS

M/s. N. N. Jambusaria & Co., Chartered Accountants

SECRETARIAL AUDITORS

M/s Jignesh M Pandya & Co, Company Secretaries

RESOLUTION PROFESSIONAL

Mr. Sudip Bhattacharya
IBBI Registration no.:
IBBI/IPA-003/IP-N00080/2017-18/10703 (Ceased to be Resolution Professional w.e.f. December 23, 2022)

CONTENTS

REGISTERED OFFICE

Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli 365 560, Gujarat
Tel No.+ 91 022 40587300
E-mail: rnel@swan.co.in

WEBSITE

www.rnaval.co.in

Registrar And Transfer Agent

KFin Technologies Limited
(Formerly KFin Technologies Private Limited), Selenium Tower – B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda, Hyderabad 500 032
Website: www.kfintech.com

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of **RELIANCE NAVAL AND ENGINEERING LIMITED** will be held on Friday, December 27, 2024 at 11:30 a.m. (IST) through Video Conferencing ("**VC**") or Other Audio-Visual Means ("**OAVM**") for transacting the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**

   the audited standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the reports of the Board of Directors and the Auditors thereon

By Order of the Board of Directors
For Reliance Naval & Engineering Limited

Paresh Merchant
Director
DIN: 00660027

Date: November 11, 2024
Place: Mumbai

Registered Office
Pipavav Shipyard Limited Pipavav Port,
Post Ucchaya, Via Rajula, Rajual,
Gujarat, India, 365560

N O T E S:

1. Pursuant to the Order dated January 15, 2020 of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from January 15, 2020 (Corporate Insolvency Resolution Process Commencement Date).

   During the financial year, the resolution professional was responsible for managing the affairs of the Company. Since the Annual General Meeting (AGM) for the financial year 2022-23 was pending, the reconstituted Board of Directors decided to convene the AGM to fulfill regulatory requirements under the Companies Act, 2013, read with applicable rules and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The reconstituted Board has made every effort to complete the compliance regarding the AGM for the financial year ending 2022-23. However, the reconstituted Board is not responsible for any non-compliance arising from the delay or any other non-compliance in conducting the AGM for that financial year.

2. In light of the relaxation provided by the Ministry of Corporate Affairs through various circulars issued over time, the latest being General Circular No. 09/2024 dated September 19, 2024, your Company will conduct the 26th AGM exclusively through the VC/ OAVM facility.

   Further, based on the relaxation provided by the Securities and Exchange Board of India through various circulars issued over time, the latest being Circular dated October 03, 2024, the electronic copies of the Notice of 26th AGM and Annual Report for the financial year 2022-23 are being sent to all the Members whose e-mail IDs are registered with the Company/Depository on November 26, 2024 being record date for the purpose of AGM.

3. The Company has made necessary arrangements for the participation of the Members in the 26th AGM through the VC / OAVM facility provided by KFin Technologies Limited (KFintech). The instructions for participation by the Members in the AGM are given in the subsequent paragraphs. Members may note that the VC facility provided by KFintech, allows participation of at least 1000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first come- first-served principle.

4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting with necessary instructions are given in the subsequent paragraphs.

5. Members are requested to note that the Monitoring Committee, in accordance with the order of the Hon'ble NCLT, Ahmedabad Bench, dated December 23, 2022, fixed Friday, July 14, 2023, as the Record Date for the cancellation and extinguishment of all currently outstanding ordinary equity shares, as well as for the issuance of fresh equity shares to existing shareholders and Hazel Infra Limited.

6. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Thursday, December 19, 2024 may cast their vote by remote e-Voting. The remote e-voting period commences on Monday, December 23, 2024 (09:00 hours IST) and ends on Thursday, December 26, 2024 (17:00 hours IST). The remote e-voting module shall be disabled by KFintech for voting thereafter. Once the vote on a resolution is cast by the Member, the Member are not be allowed to change it subsequently. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e., Thursday, December 19, 2024.

7. Members joining the meeting through VC / OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC / OAVM but shall not be entitled to cast their vote again.

8. The reconstituted Board has appointed CS Jignesh Pandya, Practicing Company Secretary (Membership No. ACS 7346) (PCS No. 7318), to act as the Scrutinizer, to scrutinize the remote e-voting and e-voting process in a fair and transparent manner.

9. As the 26th AGM is being held through VC / OAVM as permitted under the aforesaid MCA and the SEBI Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 26th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

10. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting / e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to jigneshpandyacs@gmail.com (scrutinizer email) with a copy marked to rnel@swan.co.in.

11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

12. As permitted under the said MCA and SEBI Circulars, the notice of the 26th AGM along with the Annual Report 2022-23 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2022-23 will also be available on the Company's website at www.rnaval.co.in websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFintech at https://evoting.kfintech.com.

13. As the 26th AGM is being held through VC / OAVM, the route map is not annexed to this Notice

BY ORDER OF THE BOARD
Sd/-

Paresh Merchant
Director
DIN: 00660027

Date: November 11, 2024.
Place: Mumbai

INSTRUCTIONS FOR REMOTE E-VOTING

1. Use the following URL for e-voting from KFintech website: https://evoting.kfintech.com.

   Members of the Company holding shares either in physical form or in dematerialized form, as on December 19, 2024, the cutoff date, may cast their vote electronically.

2. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFintech for e-voting, use your existing User ID and password for casting your votes.

3. After entering the details appropriately, click on LOGIN.

   You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, $ etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   You need to login again with the new credentials.

4. On successful login, the system will prompt you to select the EVENT i.e., Reliance Naval and Engineering Limited.

   On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/ dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

   Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

   Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.

   The Portal will open for voting from 9.00 a.m. on December 23, 2024 and closes at 5.00 p.m. on December 26, 2024.

   In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting.kfintech.com or contact KFintech at Tel No. 1800 309 4001 (toll free).

   Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

   Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility.

Procedure to login through websites of Depositories

NSDL	CDSL
1. Users already registered for IDeAS facility of NSDL a. Click on URL: https://eservices.nsdl.com. b. Click on the "Beneficial Owner" icon under 'IDeAS' section. c. Enter your User ID and Password for accessing IDeAS, d. On successful authentication, you will enter your IDeAS service login. e. Click on "Access to e-Voting". f. Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period.	**1. Users already registered for Easi / Easiest facility of CDSL** a. Click on URL: https://web.cdslindia.com/myeasi/ home/ login or www.cdslindia.com and click on New System Myeasi b. Enter your User ID and Password for accessing Easi / Easiest. c. Click on Company name or e-voting service provider for casting the vote.
2. Users not registered for IDeAS facility of NSDL a. To register, click on URL: https://eservices.nsdl.com b. Select "Register Online for IDeAS". c. Proceed to complete registration using your DPID, Client ID, Mobile Number, etc. d. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.	**2. Users not registered for Easi / Easiest facility of CDSL** a. To register, click on URL https://web.cdslindia.com/ myeasi/ home/login b. Proceed to complete registration using your User ID, Client Id, Mobile Number, etc. c. After successful registration, please follow steps give under Sr. No. 1 above to cast your vote.
3. Users may directly access the e-voting module of NSDL as per the following procedure: a. Click on URL: https://www.evoting.nsdl.com/ b. Click on the button "Login" available under "Shareholder / Member" section. c. Enter your User ID (i.e. 16-digit demat account number held with NSDL), login type, Password / OTP and Verification code as shown on the screen d. On successful authentication, you will enter the e-voting module of NSDL e. Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period.	**3. Users may directly access the e-voting module of CDSL as per the following procedure:** a. Click on URL: www.cdslindia.com b. Provide demat account number and PAN c. System will authenticate user by sending OTP on registered mobile & email as recorded in the demat account d. On successful authentication, your will enter the e-voting module of CDSL. e. Click on Company name or e-voting service provider and you will be re-directed to KFintech website for casting the vote during the remote e-voting period.

Procedure to login through their demat accounts / website of Depository Participant

NSDL	CDSL
Individual shareholders holding shares of the Company in Demat mode can access e-Voting facility provided by the Company using login credentials of their demat accounts (online accounts) through their demat accounts / websites of Depository Participants registered with NSDL/CDSL. An option for "e-Voting" will be available once they have successfully logged-in through their respective logins. Click on the option "e-Voting" and they will be redirected to e-Voting modules of NSDL/CDSL (as may be applicable). Click on the e-Voting link available against the name of Company or select e-Voting service provider "KFintech" and you will be redirected to the e-Voting page of KFintech to cast your vote without any further authentication.	
Members who are unable to retrieve User ID / Password are advised to use "Forgot User ID" / "Forgot Password" options available on the websites of Depositories / Depository Participants.	
Contact details in case of technical issue on NSDL website	**Contact details in case of technical issue on CDSL website**
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or Call of toll free No.1800 225 533

Immediately after the conclusion of voting at the AGM, the scrutinizer shall first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company. The scrutinizer shall prepare a consolidated scrutinizer's report of the total votes cast in favor or against, if any. This report shall be made to the Chairman or any other person authorized by the Chairman, who shall declare the result of the voting forthwith.

The voting results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rnaval.co.in and the website of the Registrar and Share Transfer Agent viz., https://evoting.kfintech.com immediately after the declaration of the result by the Chairman or a person authorized by the Chairman. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

INSTRUCTIONS FOR PARTICIPATING IN THE AGM THROUGH VC/OAVM

1. Members will be able to attend the 26th AGM through VC/ OAVM through KFintech-voting system at https://evoting.kfintech.com under shareholders login by using the remote e-voting credentials and selecting the EVENT for the Company's 26th AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice of AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging in to the e-voting system.
2. Members will be required to use internet with a good speed to avoid any disturbance during the Meeting. It is recommended to join the Meeting through Google Chrome for better experience.
3. Please note that Members connecting from mobile devices or tablets or through laptops etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
4. Members will be required to grant access to the web-cam to enable two-way video conferencing.
5. REGISTRATION AS A SPEAKER FOR THE AGM
6. Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL https://evoting.kfintech.com/ and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number, and city, during the period starting from December 16, 2024 at 09.00 a.m. IST to December 20, 2024 at 05.00 p.m IST. Only those members who have registered themselves as speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date i.e., December 19, 2024.
7. Members, who would like to seek clarifications with regard to the financial statements or the operations of the Company, may do so by sending a request from their registered email id to reach the Company's email id renl@swan.co.in at least seven days prior to the date of the meeting, so as to enable the Management to respond suitably.
8. The Chairman shall, after responding to the questions raised by the Members at the AGM, formally propose to the Members participating through VC/OAVM to vote on the Resolutions as set out in the Notice of the 26th AGM and announce the start of the casting of vote through e-voting system. After the Members participating through VC/OAVM, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the Meeting.
9. Only those Members who will be present in the AGM through the VC / OAVM facility and have not cast their vote through remote e-voting are eligible to vote through e-voting in the AGM.
10. Members who need assistance or help during the AGM, can contact KFintech at toll free number 1800-309-4001 or write to them at evoting@kfintech.com

DIRECTORS' REPORT

To,
The Members
Reliance Naval and Engineering Limited

Your Board of Directors have pleasure in presenting the Twenty Sixth (26th) Directors' Report together with the audited financial statements of the Company for the financial year ended March 31, 2023.

Members are kindly requested to note that the incumbents of the reconstituted Board of Directors of the Company were not in office during the reporting period to which this Report primarily pertains. The Resolution Professional, during the Corporate Insolvency Resolution Process ("CIRP") until **December 23, 2022**, and the Monitoring Committee ("MC") thereafter, until the year-end, were entrusted with and responsible for the management of the Company's affairs.

The reconstituted Board of Directors, which took over the management of the Company's affairs from the Monitoring Committee on January 4, 2024, has submitted this Report and approved the Financial Statements for the year ended March 31, 2023, solely to fulfil the regulatory requirements under the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("the Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The present Board of Directors disclaims any responsibility for all current and future liabilities, including contingent liabilities, whether crystallized or uncrystallized, arising from non-compliance with statutory obligations by the Resolution Professional or the Monitoring Committee during their tenure. This includes, but is not limited to, non-compliance with the Act, Listing Regulations, and other SEBI/ Corporate Laws.

In accordance with the sanctioned Resolution Plan, the Company is immune from all non-compliance arising from past activities or decisions of the former Resolution Professional or the Monitoring Committee, prior to the acquisition of control of the Company. This disclaimer clarifies that the newly constituted Board of Directors, its officers, and the new management are insulated from any irregularities or legal obligations incurred before assuming control of the Company's management on January 4, 2024.

Members are also requested to read this report considering the fact that Reconstituted Board and the new management, as of the date of this report, are implementing the resolution plan. The new Board presents the 26th Annual Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended March 31, 2023.

Pursuant to the Order dated January 15, 2020, of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT"), the Corporate Insolvency Resolution Process ("CIRP") was initiated in respect of the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC"/ "Code") and related rules and regulations issued thereunder, effective from January 15, 2020 (the "CIRP Commencement Date"). Shri Rajeev Sawangikar was appointed as the Interim Resolution Professional ("IRP") pursuant to the NCLT Order.

Thereafter, the Committee of Creditors ("CoC") of the Company resolved with the requisite voting share to replace the IRP with Shri Sudip Bhattacharya as the Resolution Professional ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT approved the appointment of Shri Sudip Bhattacharya as the RP for the Company vide its Order dated May 05, 2020

The powers of the Board of Directors of the Company were suspended effective from the commencement date of the Corporate Insolvency Resolution Process (CIRP), and such powers, along with the management of the Company's affairs, were vested in the Interim Resolution Professional (IRP), Resolution Professional (RP), or Monitoring Committee (MC) in accordance with the provisions of the Insolvency and Bankruptcy Code (IBC) and the Resolution Plan.

Under Regulation 15(2A) and 15(2B) of the SEBI (LODR) Regulations, 2015, the provisions of Regulations 17, 18, 19, 20, and 21 relating to the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee, and the Risk Management Committee do not apply to a listed entity undergoing the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC). However, the role and responsibilities of the Board of Directors, and its Committees, were fulfilled by the Resolution Professional (RP) or Monitoring Agency, in accordance with Sections 17 and 23 of the IBC and the Sanctioned Resolution Plan.

Pursuant to the NCLT order dated December 23, 2022 ("NCLT Order"), the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by Hazel Mercantile Limited ("Resolution Applicant") for the Company under Section 31 of the Code. In accordance with the provisions of the Code and the NCLT order, the Approved Resolution Plan is binding on the corporate debtor and its employees, members, creditors, guarantors, and other stakeholders involved in the resolution plan.

In terms of approved Resolution Plan, Monitoring Committee comprising 2 (Two) representatives of the Financial Creditors, 2 (Two) representatives of the Resolution Applicants, was constituted on January 10, 2023, to manage the affairs of the Company as a going concern and supervise the implementation of the Resolution Plan until the end of the reporting period.

For the period under review, the Company was not operational due to the suspension of its management. The management control of the Company was entrusted to the Resolution Professional until January 9, 2023, and to the Monitoring Committee from January 10, 2023, until the end of the financial year.

In view of the above facts, the Directors Report for the year under review was prepared to the extent applicable.

Approval of the Financial Statements 2022-23 and the Report to the Shareholders

Members are informed that the financial statement for the year ended have been prepared on the basis of the trial balance for the period ended March 31, 2023 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 and March 31, 2022. 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 March 31, 2020. Thus, the new management does not assure accuracy and reliability of the opening balances as at April 01, 2020. The primary purpose of preparing the financial statements is for the compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act").

The Directors Report and Annexures thereto are prepared basis the aforesaid financial statement for the year ended March 31, 2023 to ensure the regulatory requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Note on Revisiting the Financial Statement for the Financial Year ended March 31, 2023

The members are informed that based on the recommendation of the Audit committee, the Board, at its meeting held February 13, 2024, had approved the standalone Audited Financial Statements for the Financial Year ended March 31, 2023. The said Financial Statement the financial year ended March 31, 2023 were prepared without taking into consideration the impact of the Resolution Plan and provisions as per Insolvency and Bankruptcy Code, 2016. This approach was based on the understanding that, as the Monitoring Committee handed over control to the new management on January 4, 2024, the accounting adjustments and provisions outlined in the Resolution Plan would be applied starting in the following financial year after the management takeover.

Subsequent to the above, discussions with various experts and consultants indicated that the accounting impact of the Resolution Plan should have been given to the financial statement of March 31, 2023. This is because the NCLT's order approving the Resolution Plan was issued on December 23, 2022, and the first annual financial statements to be prepared after the approval of the Resolution Plan are for the year ended March 31, 2023. . Therefore, these statements should present a true and fair view of the company's affairs post-resolution, incorporating the impact of the approved Resolution Plan and relevant provisions under the Insolvency and Bankruptcy Code, 2016.

In view of the above, it was decided to revise the financial statements for the financial year 2022-23. The management obtained a legal opinion from a leading Company Secretary firm regarding the revision of the financial statements. The legal opinion clearly advised that, since the financial statements had not yet been adopted by the shareholders, revising the statements would not trigger the need for prior approval from the NCLT under Section 131 of the Companies Act, 2013. Relying on this legal opinion, the Board of Directors, at their meeting on November 11, 2024, and based on the recommendation of the Audit Committee, approved the revised financial statements for the financial year ended March 31, 2023, in supersession of the earlier approval granted on February 13, 2024.

Material Developments after the Closure of the Financial Year

(a detailed note on how the implementation of the resolution plan has impacted the assets and liabilities of the Company.)

Following is the impact of resolution plan on various liabilities appearing in books of the Company,

(₹ in Lakhs)

Sr. No.	Particulars	Liability before giving effect of the plan	Amount payable as per plan	Liability reduced in the financials	Disclosure
1	Financial creditors comprising of Compulsorily Redeemable Preference Shares, Unsecured Loans, Long-Term Debts and Interest accrued and due on borrowings	21,82,963.48	2,04,000.00	19,78,963.48	The amount of gain has been shown as a recasting gain under the head exceptional item in the profit and loss account.
2	Operational Creditors	41,116.12	157.00	40,959.12	
3	Employees	1,080.52	151.00	929.52	
	Total	**22,25,160.12**	**2,04,308.00**	**20,20,852.12**	

While giving impact of resolution plan as above, the management decided to review all other assets and liabilities appearing in Company's books by hiring services of subject experts so as to present true and fair picture of the statement of accounts as on March 31, 2023. Following is summary of the same:

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

Financial Results

The financial performance of the Company, on standalone basis, for the financial year ended March 31, 2023 is summarised below:

(₹ in Lakhs)

Particulars	Financial year ended March 31, 2023	Financial year ended March 31, 2022
Total Income	775.92	1,739.10
Profit / (Loss) before exceptional items & tax	(1,58,429.53)	(2,08,806.09)
Exceptional items	19,52,122.60	165.67
Profit / (Loss) before taxation	17,93,393.07	(2,08,640.42)
Tax expenses (Net) (including deferred tax and tax for earlier years)	-	-
Profit / (Loss) after taxation	17,93,393.07	(2,08,640.42)
Other Comprehensive Income	-	-
Total Comprehensive Income for the year	17,93,393.07	(2,08,640.42)

Financial Performance and State of Affairs of the Company

The business operations of the Company during the year under review were badly affected as the Company was under Corporate Insolvency Resolution Process ("CIRP") until December 23, 2022 and was under the supervision of Monitoring Committee for rest of the period. Orders for supply of vessels were cancelled by the customers, new orders were not received as there was apprehension in the market about future of the Company. Hence revenue from operations was ₹ 316 Lakh (previous year ₹ 632 Lakh) which was on account of fabrication job done by the Company. However, the income from other source were ₹ 460 Lakh (Previous year ₹ 1,107 Lakh)

Dividend:

Due to current year losses, no dividend on the equity shares of the Company has been recommended.

Reserves:

Profit during the year has arisen only due to effect of recasting of financial of the Company in view of resolution plan that was approved by Hon'ble NCLT, Ahmedabad bench. Company has incurred loss from operations during the year. Hence, no amount has been transferred to Reserve.

Subsidiary Companies, Associate and Joint venture:

Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of the Company	Nature of entity	Status	Accounting of investment
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP	Impaired in FY 2020-21
2	RMOL Engineering and Offshore Limited	Wholly Owned Subsidiary	Under liquidation	Impaired in FY 2018-19 and written off in FY 2022-23
3	REDS Marine Services Limited	Wholly Owned Subsidiary	Under liquidation	Impaired in FY 2018-19 and written off in FY 2022-23
4	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Ongoing	Impaired in FY 2018-19 and written off in FY 2022-23
5	PDOC Pte. Limited	Subsidiary	Ongoing	Impaired in FY 2018-19 and written off in FY 2022-23
6	Conceptia Software Technologies Private Limited	Associate	Ongoing	Carried in the books

Due to the write-off and impairments of investments in subsidiary companies, the financial information of the subsidiaries has not been considered for the consolidation of the financial statements of the Company, except for one associate, i.e., Conceptia Software Technologies Private Limited.

Material Changes Post Closure of Financial Year:

Pursuant to the Order of the Hon'ble NCLT approving the Resolution Plan and upon implementation of the resolution plan, the following key changes shall result:

(i) The cancellation and extinguishment of all presently outstanding equity shares held by the existing shareholders of the Corporate Debtor, subject to issuance of one fresh equity share of face value of ₹ 10/- for every 275 ordinary equity shares held by existing shareholder.

(ii) Fresh allotment of 26,82,150 ordinary equity shares of face value of ₹ 10/- each to existing equity shareholders and the Special Purpose Vehicle (SPV) shall subscribe to 5,00,00,000 fresh ordinary equity shares of face value of ₹ 10/- each.

(iii) Reconstitution of Board of Directors of the Company

(iv) Reconstitution of various Committees of the Board of Directors of the Company

(v) Listing application to the stock exchanges with regards to the reduction of existing share capital and re-issuance of shares to the existing shareholders in the ration of 275:1, as well as the allotment of 5,00,00,000 equity shares to the SPV.

(vi) Payment under Resolution Plan –

As of the date of this report, the following amounts have been paid as per the approved resolution plan and deferred payment agreement.

Sr. No.	Category	(₹ in Lakhs)
1	Financial Creditors (incl. interest)	53,774.44
2	Operational Creditors (incl. employees)	245.00
3	CIRP period overheads	8,728.13
4	Monitoring Committee period overheads	2,595.64
	Total	**65,343.21**

(vii) The upfront payment, as per approved resolution plan, was due by March 23, 2023. The Company obtained extension from the Committee of Creditors ("CoC") as well as the Hon'ble NCLT, Ahmedabad Bench, for the payment of the upfront amount. In accordance with the extension granted by the Hon'ble NCLT, the upfront payment, along with interest for the delay, was made on October 27, 2023.

The first tranche, as per the plan, was due by December 23, 2023. The Company obtained an extension from the CoC as well as the Hon'ble NCLT, and the payment was deferred to December 23, 2024, as per the deferred payment agreement. The payment was made on August 7, 2024, along with interest as stipulated in the deferred payment agreement.

Corporate Governance

During the period under the review, the Control and Management of the Company was in the hands of the Resolution Professional till January 09, 2023 and thereafter with the Monitoring Committee. In view of the same a separate Corporate Governance Report to the extent applicable is attached with this report.

Number of Board Meetings and Committee meetings

In accordance with Section 17 of the Insolvency and Bankruptcy Code (the "Code"), upon the commencement of the Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors are suspended and exercised by the Resolution Professional. Since the management of the Company's affairs was vested in the Resolution Professional, no meetings of the Board of Directors or its committees were held from the commencement of the CIRP until January 09, 2023. This situation remained unchanged even after the approval of the Resolution Plan and the constitution of the Monitoring Committee, as the powers of the Board of Directors continued to be suspended throughout the year.

Deposits:

During the year under review, the Company has neither accepted nor renewed any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the relevant Rules made there under. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2023.

Particular of Loans, Guarantees or Investments:

Details of loans, guarantees or investments covered under the provisions of Section 186 of the Act are given in notes to the standalone financial statements forming part of the Annual Report.

Change in the nature of business:

There was no change in the nature of business of the Company during the year under review.

Internal Financial Control ("IFC") systems and their adequacy:

As explained above, the management controls and affairs of the Company during the year under review were initially vested with the Resolution Professional and, later, with the Monitoring Committee until the close of the reporting year. Consequently, the reconstituted Board and management of the Company are not in a position to confirm the existence or adequacy of the Company's internal financial controls over financial reporting during this period. Further, the reconstituted Board and management cannot be held liable for any implications arising from the absence of effective Internal Financial Control ("IFC") systems or any deficiencies identified during the reporting period.

Significant and Material Orders impacting going concern basis passed by the regulators or courts or tribunals

The Hon'ble National Company Law Tribunal ('NCLT') vide its order dated December 23, 2022, approved the resolution plan submitted by Hazel Mercantile Limited ("**Resolution Applicant**") for the Company under Section 31 of the Code. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding including but not limited on the Company and its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan.

Management Discussion and Analysis Report

During the year under review, as the Company was completely un-operational and was under the supervision of Resolution Professional and later a Monitoring Committee, requisites disclosures under this head are not required to be furnished.

Risk Management:

As the affairs of the Company were managed by the Resolution Professional and, later, by the Monitoring Committee until the close of the reporting year, the reconstituted Board and management are unable to confirm the effectiveness of the Risk Management Practices implemented during the reporting period

Particular of employees and related Disclosures

Due to absence of information, the reconstituted Board is unable to furnish the disclosures required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' Responsibility Statement

Members may kindly note that, the Directors of the Reconstituted Board were not in office for the period to which this report primarily pertains. During the CIRP the Resolution Professional was entrusted with and responsible for the management of the affairs of the Company. From January 10, 2023, until the year end the Monitoring Committee was the in charge of management of the affairs of the Company. The financial statement for the year ended March 31, 2023, have been prepared on the basis of the trial balance for the period ended March 31, 2022 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2021 and in turn as at March 31, 2020. The Reconstituted Board is submitting this report only to fulfil the requirement under the provisions of the Companies Act, 2013 and Listing Regulations. The Directors should not be considered responsible for discharging fiduciary duties related to oversight of the Company's financial and operational health or the performance of management for the period under review and prior to the acquisition.

The Reconstituted Board of Directors have been in the office since January 04, 2024. Consequently, the Reconstituted Board would have inherent limitations on internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls during the period under review therefore could not comment on the implementation of the internal financial control, its adequacy, and effective operations for the financial year 2022-23. Accordingly, pursuant to Section 134(5) of the Act, the Reconstituted Board of Directors, based on the knowledge/information gained by them, about the actions of the resolution professional/ Monitoring Committee (i.e. who were entrusted with and responsible for the management of the affairs of the Company prior to January 04, 2024) and the affairs of the Company in a limited period of time, from the records of the Company, state that:

a) in the preparation of the annual accounts for the year 2022-23, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) such accounting policies are applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended March 31, 2023 under review and of the loss of the Company for that period.

c) the annual accounts of the Company have been prepared on a going concern basis;

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013:

As explained above, due to the unavailability of confirmation regarding the disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the reconstituted Board is not in a position to confirm the status of the disclosure during the reporting period.

Statutory Auditors and Auditors' Report:

At the 23rd Annual General Meeting ("AGM") of the Company held on November 10, 2020, M/s Pipara and Co LLP, Chartered Accountants, were appointed as the statutory auditors for a term of five consecutive years, until the conclusion of the 28th AGM. However, M/s Pipara and Co LLP resigned on October 12, 2024, before completing their term.

Following the resignation, and based on the recommendation of the Audit Committee, the Board of Directors appointed M/s N. N. Jambusaria & Co., Chartered Accountants, as the statutory auditors to fill the casual vacancy caused by the resignation, at their meeting on October 17, 2024.

At the 25th AGM held on November 08, 2024, the members confirmed the appointment of M/s N. N. Jambusaria & Co. as statutory auditors to fill the casual vacancy. M/s N. N. Jambusaria & Co., will hold office until the conclusion of the AGM for the financial year 2023-24, at a remuneration of ₹ 16.30 lakh per annum, excluding reimbursement of out-of-pocket expenses related to the audit.

M/s N. N. Jambusaria & Co., Statutory Auditors, have given a qualified opinion and the response of the Company with respect to it is as follows:

a. The accompanying Standalone Financial statement of the company for the year ended March 31, 2023 have been prepared on the basis of the trial balance for the period ended March 31, 2023 which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial statement as on March 31, 2023. The recasting Gain/loss booked in the financial statement have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020

b. Since the new management has incorporated the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect in accordance with para 10 of SA 510 read with SA 705 (Revised) as the effects of the said matters are material to the financial statements as a whole but not pervasive as per the auditors' professional judgement

Response to Qualification:

The new management has taken over the control of the Company through Corporate Insolvency Resolution Process (CIRP) under Insolvency & Bankruptcy Code (IBC) as per order of Ahmedabad bench of National Company Law Tribunal (NCLT) dated December 23, 2022. The resolution professional appointed by NCLT has not handed over confirmation of opening balance as at April 01, 2020 and hence the new management is unable to verify the same.

Reporting of Fraud

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder, either to the Company or to the Central Government.

Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Resolution professional had appointed M/s. Jignesh M Pandya & Co, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is attached herewith as **Annexure A.**

The observations and comments given by the Secretarial Auditor in their Report are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

Cost Auditors and Cost Audit Records:

During the year under review, the Company was under the Corporate Insolvency Resolution Process until December 23, 2022 and then under the supervision of Monitoring Committee until the end of the reporting year and the Management of the Company was under the control of Resolution Professional and Monitoring Committee and there was no appointment of Cost Auditors during the Repoting Period.

Particular of contracts or arrangements with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013:

The transactions with Related Parties have been disclosed in the financial statement of the Company for FY 2022-23.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Due to the unavailability of confirmation regarding the disclosure of Conservation of energy, technology absorption and foreign exchange earnings and outgo, the reconstituted Board is not in a position to confirm the status of the disclosure during the reporting period

Whistle Blower Policy:

Due to the lack of confirmation regarding compliance under the Vigil Mechanism system, the reconstituted Board is unable to verify compliance with this disclosure.

Familiarization programme for Independent Director:

Due to the lack of confirmation regarding the Familiarization Programme provided to the Independent Directors, the reconstituted Board is unable to verify compliance with this disclosure.

Vigil Mechanism

Due to the lack of confirmation regarding compliance under the Vigil Mechanism system, the reconstituted Board is unable to verify compliance with this disclosure.

Acknowledgement:

Reconstituted Board would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review and also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of Board of Directors

Sd/-	Sd/-
Paresh Merchant	Nikhil Merchant
Director	**Director**
DIN: 00660027	DIN: 00614790

Date: November 11, 2024

Place: Mumbai

Annexure A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 March, 2023

[**Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014**]

To,
The Members,
Reliance Naval and Engineering Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Reliance Naval and Engineering Limited** (hereinafter called the "company").

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the **financial year ended on 31st March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2023** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **NOT APPLIABLE DURING THE PERIOD UNDER REVIEW** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **NOT APPLIABLE DURING THE PERIOD UNDER REVIEW**;

(vi) Laws applicable to the industry to which the Company belongs, as identified by the Management is given in the enclosed **Annexure 2**.

   We have also examined compliance with the applicable clauses of the following:

   (j) Secretarial Standards issued by The Institute of Company Secretaries of India.

   (ii) The Listing Agreement entered into by the Company with Stock Exchange(s).

   During the period under review, we report that:

   1. The Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"), vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process (CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") had replaced the said IRP with Mr. Sudip Bhattacharya as Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5 May, 2020.

      The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant) in the CIRP of the Company that was approved by the members of the CoC in their meeting, has now been approved by the NCLT on December, 23, 2022. With the approval of the Resolution Plan, the CIRP of the Company has concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from December, 23, 2022. Further, as per the terms of the approved Resolution Plan, a monitoring committee was constituted (to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company shall be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan). The monitoring committee is 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) 5^{th} (fifth) member an independent insolvency professional.

We have been informed that for the period 01-04-2023 to 03-01-2024, the affairs of the Company were in control of Monitoring committee, which had handed over it to new management since 04-01-2024. The said new management has appointed wef 08-12-2023 Mr. Nikhil Vasantlal Merchant - Managing Director, Mr. Paresh Vasantalal Merchant - Director, Mr. Bhavik Nikhil Merchant- Director, Mr. Vivek Paresh Merchant – Director, Mr. Kaiyoze Beji Bilimoria – Independent Director wef 14/12/2023, Mr. Ashishkumar Bairagra – Independent Director wef 14/12/2023, Mr. Arun Sinha – Independent Director wef 14/12/2023, Mr. Prabhakar Reddy Patil – Independent Director wef 16/12/2023, Ms. Maya Swaminathan Sinha Indepeendent Women Director wef 14/12/2023 , Mr. Arvind Jayasing Morbale - Whole-time director wef 14/12/2023.

The Company has appointed Mr. Rishi Chopra as CFO w.e.f. 3 February, 2023 and Mr. Vishant Shetty as Company Secretary w.e.f. 08/12/2023, the new Management have made all practical and reasonable efforts from time to time to gather details to prepare the accounts, despite various challenges and complex circumstances. The said accounts have been adopted by the new Management, in good faith solely for the purpose of compliance and discharging their duties which have been conferred upon them as per terms of approved resolution plan.

We have been engaged to carry out Secretarial Audit by the said new Management.

2. No documents, data or other requisite documents/information's/details/records were available for our verification and accordingly we cannot comment on the compliance status of the company with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

3. No documents, data or other requisite documents/information's/details/records were available for our verification and accordingly we are unable to comment that the Board of Directors of the Company is duly constituted and there is proper balance of Executive Directors, Non-Executive Directors and Independent Directors. We are unable to report that the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

4. As no details are received from the company, we are unable to verify whether adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

5. We are unable to report that Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

6. Further, we are unable to report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

7. Further, as stated above, since we have not received any documents/ details/ information/records from the Company, we cannot comment on the compliance status of the Company with all the applicable laws including Companies Act, 2013, statutes, rules, regulations, guidelines, standards etc.

8. We also report following observation during audit period:

   It may be noted that as per the provisions of IBC Code and provisions of Regulation 15 (2A) and (2B) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI(LODR)) as amended from time to time, the provisions specified in regulation 17, 18, 19, 20, 21 shall not be applicable during the CIRP. The conditions as specified in said regulations of the SEBI (LODR) shall not be useful during the CIRP and the roles and responsibilities of the Board of Directors and the Committees, specified in the respective regulations, shall be fulfilled by the Resolution Professional or Resolution Professional, as the case may be.

   For the period 01-04-2023 to 03-01-2024, the affairs of the Company were in control of Monitoring committee, which had handed over it to new management since 04-01-2024 , which had Complied with effect from 04/01/2024

9. We would like highlight following non-compliances during the period under review;

   1) Non compliance of Sec. 96,101 of the Companies Act, 2013 regarding holding Annual General Meeting for the year ended on 31-03-2022.

   2) Non compliance of Sec/ 129,134 of Companies Act, 2013 for preparation of Financial Statements, Board's Report for the year ended 31-03-2022.

   3) Form AOC-4 XBRL for the year ended 31-03-2022 not filled with ROC.

   4) Form MGT-7 for the year ended 31-03-2022 Not filled with ROC.

10) No documents, data or other requisite documents/information/details/records were available for our verification and accordingly we are unable to comment on the compliance status of the Company with the provisions of the following Rules and Regulations:

Sr. No.	Regulations/Provisions of the Regulations/Circular
1	SEBI (Prohibition of Insider Trading) Regulations, 2015
2	SEBI (Issue and Listing of Debt Securities) Regulations, 2008
3	SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
4	SEBI (Depositories and Participants) Regulations, 2018
5	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
6	Following Regulations of the SEBI (LODR) Regulations, 2015 - Regulation 22 - Regulation 23 - Regulation 24 - Regulation 39 - Regulation 40 - Chapter V and VI
7	SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019

This Report is to be read with our letter of even date which is annexed as **Annexure '1'** and forms an integral part of this Report.

For Jignesh M. Pandya & Co.
Practicing Company Secretary

Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022

Place: Mumbai
Date: 11/11/2024
UDIN: A007346F002027232

'Annexure 1'

To the Members Reliance Naval and Engineering Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, Rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Jignesh M. Pandya & Co.
Practicing Company Secretary

Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022

Place: Mumbai
Date: 11/11/2024
UDIN: A007346F002027232

'Annexure 2'

Laws applicable to the Company:

1. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951;
3. Maharashtra Housing (Regulation and Development) Act, 2012;
4. Information Technology Act, 2000
5. The Indian Electricity Rules 1956
6. The Standard Weight and Measurement Act, 1976
7. The Public Liability Insurance Act, 1991
8. The Hazardous Material Transport Act (HMT) Act, 1975
9. Trade Marks Act, 1999 & Copy Right Act, 1957;
10. The Legal Metrology Act, 2009;
11. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
12. Acts prescribed under prevention and control of pollution;
13. Acts prescribed under Environmental protection;
14. Acts prescribed under Direct Tax and Indirect Tax;
15. Land Revenue laws of respective States;
16. Labour welfare Act of respective States;
17. Acts as prescribed under Shop and Establishment Act of various local authorities.
18. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

For Jignesh M. Pandya & Co.
Practicing Company Secretary

Proprietor
ACS 7346/ CP 7318
Peer Review No: 2727/2022

Place: Mumbai
Date: 11/11/2024
UDIN: A007346F002027232

CORPORATE GOVERNANCE REPORT

Your director's present the Company's Corporate Governance Report for the year ended March 31, 2023 in terms of Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosures Requirements), 2015 ("Listing Regulations").

The Company was admitted in Corporate Insolvency Resolution Process (CIRP) on January 15, 2020. The Hon'ble NCLT, Ahmedabad bench, vide its order dated December 23, 2022 approved the Resolution Plan submitted by the Successful Resolution Applicant.

For the period between January 15, 2020, and January 04, 2024, specifically during the reporting period, the Company was not operating at full capacity as management was suspended. During this period, the management control and affairs of the Company were entrusted initially to the Resolution Professional thereafter to the Monitoring Committee until the end of the year. A new Board was constituted on December 08, 2023, and a new management team was put in place on January 04, 2024. The reconstituted Board of Directors, which took over the management of the Company's affairs from the Monitoring Committee on January 04, 2024, has submitted this Report, solely to fulfil the regulatory requirements under the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("the Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and declaims any responsibility for all current and future liabilities, including contingent liabilities, whether crystallized or uncrystallized, arising from non-compliance with statutory obligations by the Resolution Professional or the Monitoring Committee during their tenure.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Board of Directors

Since the powers of the Board stood suspended with effect from January 15, 2020, i.e. the date when company was admitted in Corporate Insolvency Resolution Process (CIRP) and continued to remain, so for the period under review, no Board meetings were held during the financial year under review.

Composition of Board of Directors:

In terms of the SEBI (LODR) Regulations, 2015, a company undergoing CIRP is not required to comply with Regulation 17, which deals with the composition of the Board of Directors. Further, pursuant to the approval of the Resolution Plan, the erstwhile Board ceased to exist, and a new Board was reconstituted comprising the following directors as of the date of this report

Sr.No	Director	Category
1	Nikhil V. Merchant	Chairman & Managing Director
2	Paresh V. Merchant	Non-executive Director, Non-Independent Director
3	Vivek P. Merchant	Non-executive Director, Non-Independent Director
4	Bhavik N. Merchant	Non-executive Director, Non-Independent Director
5	Arvind J. Morbale	Whole-time Director,
6	Kaiyoze Beji Billimoria	Independent Director,
7	Ashishkumar Bairagra	Independent Director,
8	Arun Sinha	Independent Director,
9	Prabhakar Reddy Patil	Independent Director,
10	Maya Swaminathan Sinha	Independent Director,

Meeting and Attendance

No Board meetings were held during the financial year 2022- 23 in view of the Company continuing to remain under CIRP and suspension of the powers of the Board. The Resolution Professional was responsible for managing the company's affairs until December 23, 2022. From that date until the end of the year, the Monitoring Committee was responsible for managing the company's affairs.

Director seeking appointment / reappointment

Pursuant to the provisions of Section 152 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Articles of Association of the Company, no director is seeking reappointment for the financial year 2022-23, as the company was under CIRP and the powers of the Board were suspended.

Evaluation of Board effectiveness

In terms of the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the evaluation of the Board was not applicable, as the company remained under Corporate Insolvency Resolution Process (CIRP) during the period under review.

Board Procedure:

Since the powers of the Board remained suspended during the reporting period, no Board meeting was held during the year; therefore, disclosure under this heading is not warranted

Statutory Committees:

Since the Company remained under Corporate Insolvency Resolution Process (CIRP) during the period under review, as per Regulation 15(2A) and 15(2B) of SEBI (LODR) Regulations, 2015, the provisions of Regulation 17, 18, 19, 20, and 21 of the Listing Regulations, relating to various committees including the Audit Committee, were not applicable to the Company.

The Resolution Professional was entrusted with roles and responsibilities of Board and Committees during until December 23, 2022. From that date until the end of the year, the Monitoring Committee was responsible for managing the company's affairs.

Independent Directors' Meeting

During the year, no meetings of Independent Directors were held as the powers of the Board stood suspended since the commencement of Corporate Insolvency Resolution Process and continued to remain suspended during the period under review.

General Body Meetings

a. Details of last three Annual General Meeting

The last Annual General Meeting (AGM) was held on November 08, 2024. Through Video Conference/ other audio-visual means

b. Details of resolutions passed by way of postal ballot

No postal ballot conducted during the financial year 2022-23.

Means of Communication

The Company defaulted on filing its Quarterly and Annual Financial Results due to the suspension of Management during the period under review. Additionally, there were defaults in the disclosures required to be submitted pursuant to the SEBI (LODR) Regulations, 2015, with the Stock Exchange(s) during the same period.

General Shareholder Information

a. Annual General Meeting

Due to the CIRP process and the NCLT order dated December 23, 2022, the new management took over control of the Company on January 04, 2024. As a result, it was not possible to conduct the Annual General Meeting on or before September 30, 2024.

To comply with the regulatory requirements under Section 96 of the Companies Act, 2013, and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the reconstituted Board proposes to hold the AGM for the financial year 2023 on Friday, December 27, 2024 at 11:30 a.m. (IST).

b. Listing on Stock Exchange

Stock Exchange	Scrip Code
National Stock Exchange Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai 400051	RNAVAL
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai — 40001	533107
International Securities Identification Number (ISIN)	INE542F01012

c. Listing fees to stock exchanges have been duly paid as of the date of this report.

Constitution and Composition of Committees:

As per Regulation 15(2B) of SEBI LODR, the provisions specified in Regulations 18 (Audit Committee), Regulation 19 (Nomination and Remuneration Committee), Regulation 20 (Stakeholders' Relationship Committee), and Regulation 21 (Risk Management Committee) under SEBI (LODR) Regulations, 2015 were not applicable during the Insolvency Resolution Process for a listed entity undergoing corporate insolvency resolution under the Insolvency Code. Further, after the approval of the Resolution Plan by the NCLT, the Board and the Committees remained suspended, and the management controls and affairs of the Company were exercised by the Monitoring Committee, which was constituted to oversee the implementation of the Resolution Plan until the closure of the reporting period.

Note on Board Committees:

In accordance with Section 17 of the Code, upon the commencement of the Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors and Committees were suspended and the same were exercised initially by the Resolution Professional and, later, by the Monitoring Committee until the close of the reporting year.

Number and Dates of Meetings of Board of Directors & Committees

Following the commencement of the Insolvency Resolution Process under Section 17 of the Code, the Corporate Insolvency Resolution Process (CIRP) begins, leading to the suspension of the Board of Directors' powers. These powers during the reporting period are being initially exercised by the Resolution Professional and later on by the Monitoring Committee until the year end. Consequently, no meetings of the Board of Directors or any Committees have taken place during the reporting period.

Familiarization programmes:

As explained in the foregoing paragraph, since the powers of the Board and Committees remained suspended during the reporting period, no familiarization programs took place during the year.

General Body Meetings:

Information regarding the location/method and timing of the Company's three most recent Annual General Meetings, as well as any special resolutions that were passed during those meetings.

Year	Location	Date & Time	Special Resolution
2019-20	Through Video Conferencing/ other Audio Visual Means	November 10, 2020 at 11.30 A.M.	- Approval for tenure of Shri Ranjit Lahiry as an Independent Director of the company - Approval for tenure and remuneration paid to Shri Gyan Prakash as an Executive director - Rescinding the resolution no 8 passed for change of name of the company at the 22 Annual General Meeting held on 28 September, 2019
2020-21	Through Video Conferencing/ other Audio Visual Means	November 08, 2024 at 12.30 P.M.	None
2021-22	Through Video Conferencing/ other Audio Visual Means	November 08, 2024 at 3.00 P.M.	None

Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2022-23.

Director seeking appointment/re-appointment

Following the commencement of the Insolvency Resolution Process under Section 17 of the Code, the powers of the Board of Directors were suspended at the onset of the Corporate Insolvency Resolution Process (CIRP). Therefore, disclosure under this heading is not required.

Evaluation of Board effectiveness

Due to the lack of confirmation regarding the Evaluation of Board effectiveness, the reconstituted Board is unable to verify compliance with this disclosure.

Corporate Social Responsibility Committee ("CSR Committee")

During the year under review, since the Company was under CIRP and due to current year losses, the Company was not required to constitute the CSR Committee and the spend for the CSR activities

Number and Dates of Meetings of Corporate Social Responsibility Committee

Since the powers of the Board and Committee remained suspended during the reporting report, there was no CSR Committee meeting held during the year.

Means of Communication

The Company has defaulted in filing Quarterly and Annual Financial Results due to suspension of Management during the period under review.

There has been default in data required to be filed electronically or otherwise pursuant to the SEBI (LODR) Regulations, 2015 with Stock Exchange(s) during the period under review.

General Shareholder Information

a) 26th Annual General Meeting

Date & Time	Venue
AGM is scheduled on Friday, December 27, 2024 at 11:30 a.m. (IST)	Through Video Conferencing/ other Audio Visual Means

b) Date of Book Closure/Record Date

Friday, December 20, 2024.

c) Financial Year

Financial year is commencing from 1st April to 31st March.

d) Stock Market price: High low during each month of financial year 2022-2023

The High and low of the share price of the company during each month of the financial year 2022-23 at NSE and BSE were as under:

	BSE		NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2023	2.92	1.65	2.60	1.65
May, 2023	2.50	2.05	2.50	2.05
June, 2023	2.44	2.04	2.45	2.05
July, 2023	2.78	2.13	2.75	2.10
August, 2023	-	-	-	-
September, 2023	-	-	-	-
October, 2023	-	-	-	-
November, 2023	-	-	-	-
December, 2023	-	-	-	-
January, 2024	-	-	-	-
February, 2024	-	-	-	-
March, 2024	-	-	-	-

** Trading in the shares has been suspended due to the declaration of the book closure on July 14, 2023*

(Source- This information is compiled from the data available from the websites of BSE and NSE)

e) Shareholding pattern (Equity) as on March 31, 2023

Category	No of shares of Rs.10/- each	Percentage
Promoter & Promoter Group	0	-
Public	7,37,59,12,630	100
Total	**7,37,59,12,630**	**100**

f) Dematerialization of shares

99.9% of Equity Shares of the company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2023.

g) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity

As of March 31, 2023, the Company does not have any outstanding GDRs / ADRs / Warrants / any other convertible instruments.

h) Commodity price risk or foreign exchange risk and hedging activities: Not applicable

i) Plant Location and address/other modes for correspondence:

Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli 365 560, Gujarat

j) Corporate Identification Number: L35110GJ1997PLC033193

k) Listing of Equity Shares on Stock Exchanges and Stock Codes

The equity shares of the Company are listed on BSE Limited ("**BSE**") and NSE Limited ("**NSE**").

Stock Exchange	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra East, Mumbai – 400051	RNAVAL
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533107

l) Listing fees to Stock Exchange

As on the date of this Report, the Company has paid Listing fees to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)

m) Registrar and Transfer Agent

KFin Technologies Limited,
Selenium Building, Tower – B,
Plot No. 31 & 32,
Financial District, Nanakramguda Hyderabad, Telangana- 500 032.
Tel: +91 40 6716 1500
Fax: +91 40 6716 1791
Toll Free No. (India): 1800 4250 999
Email: ris.del@Kfintech.com
Website: www. Kfintech.com

The Shareholders are requested to address all their communications/suggestions/grievances to Registrar and Transfer Agents at the above address.

OTHER DISCLOSURES:

a) Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of the Company At Large

Due to absence of information, the reconstituted Board is unable to furnish the disclosures as required under this para.

b) CEO/CFO Certification

Compliance Certificate from the Managing Directors and Chief Financial Officer, as required by Regulations 17(8) in conjunction with Part B of Schedule II of the SEBI (LODR) Regulations, forms part of this report.

c) The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) 2015.

During the year under review, the Company was under Corporate Insolvency Process and the Management of the Company was under the control of the Resolution Professional. Therefore, a regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) 2015 was not applicable.

During the year under review, the Company was in the Corporate Insolvency Process, and its management was under the control of the Resolution Professional and, later, towards the end of the reporting year, under the Monitoring Committee. Therefore, Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, were not applicable.

For and on behalf of Board of Directors

Sd/-	Sd/-
Paresh Merchant	Nikhil Merchant
Director	**Director**
DIN: 00660027	DIN: 00614790

Date: November 11, 2024

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To

The Members of Reliance Naval and Engineering Limited

CIN No. L35110GJ1997PLC033193

Report on the Audit of the 'Standalone Financial Statements' (as restated)

Insolvency and Bankruptcy Code, 2016 (IBC)

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

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

The impact of resolution plan has been given in the financial statement for the quarter and nine months ended December 31, 2022.

Qualified Opinion

We have audited the accompanying standalone financial statements (as restated) of Reliance Naval and Engineering Limited ("the Company"), which comprise the restated Balance sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the SFS").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter(s) described in the 'Basis of Qualified Opinion' section of our report, the aforesaid SFS give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) The accompanying Standalone Financial statement of the company for the year ended March 31, 2023 have been prepared on the basis of the trial balance for the period ended March 31, 2023 which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial statement as on March 31, 2023. The recasting Gain/loss booked in the financial statement have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

b) Since the new management has incorporated the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect in accordance with para 10 of SA 510 read with SA 705 (Revised) as the effects of the said matters are material to the financial statements as a whole but not pervasive as per the auditors' professional judgement.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the SFS' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the SFS under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the SFS.

Emphasis of Matter Paragraph

i. We draw your attention to Note 1 and Note 25 of the SFS (“as restated”) which states that the new management has decided to give the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence into the financial statement, totalling to ₹ 19,52,132.53 lakhs in the profit & loss account as recasting gain under the exceptional items. The said amount of ₹ 19,52,132.53 lakhs comprise of effect of resolution plan of ₹ 20,20,852.12 lakhs and the other effects of changes in the position of assets and liabilities arising out of reassessment of their existence of ₹ (68,719.59) lakhs.

Sr no.	Particulars	Amount	Notes Disclosure
1	Gain as per note 1	20,20,852.12	1
2	Fixed Assets Written off	(257.10)	2
3	Fixed Assets Impaired	(20.78)	2
4	Security Deposits written off	(30.26)	5
5	Raw material Inventory written off	(29,431.57)	6
6	Work in progress written off	(38,629.94)	6
7	Cash and Cash Equivalents balance written back	12.11	8
8	GST and Cenvat credit balance written off	(619.63)	9
9	Provision created for advance to vendors	(21,802.67)	9
10	Increase in Lease liability	(283.57)	
11	Increase in Lease assets (Net of depreciation)	57.07	2
12	Advance from customers forfeited	2,937.28	17
13	Other provision reversal	10,705.04	18
14	Other payable and receivables written back / written off	8,853.63	16
15	Statutory dues written back	531.37	16
16	Provision for Contract Receivable in progress	(740.57)	9
	Total	**19,52,132.53**	
	Amount as per profit and loss account	**19,52,132.53**	

ii. We draw your attention to Note 2 of accompanying SFS (“as restated”) which state that during the period, scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV of those assets as on March 2022 is ₹ 2,961 lakhs, which has been sold at 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period amounting to ₹ 1,805 lakhs as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year 2022-23 management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets amounting to ₹ 257.10 lakhs were not physically available which have been written off and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to ₹ 20.78 lakhs have been impaired. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company’s non-operational status during the CIRP period and the impact of the cyclone in May 2021.

iii. We draw your attention to Note 3.4 of accompanying SFS (“as restated”) which states that 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.

iv. We draw your attention to Note 3.6, 3.7 & 3.8 of the SFS (“as restated”) which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous year. Out of the three wholly owned subsidiaries of the company, one of the subsidiary E-Complex Private Limited of which the impairment has been created against the investment in earlier years is still carried in the books of accounts during the year and in respect of the other two wholly owned subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited, impairment has been reversed and considered for write-off from the books of accounts during the year.

Following is the status of Subsidiary and Associate Companies:

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

v. We draw your attention to Note 5 of accompanying SFS ("as restated") which states as on December 31, 2022, the Company had given Security Deposit (short-term and long-term) amounting to ₹ 9,343.02 Lakhs. Out of the above security deposit, an amount of ₹ 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 4, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.

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

vi. We draw your attention to Note 6.4 of accompanying SFS ("as restated") which states that an amount of ₹ 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of ₹ 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from the Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15, 2020. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

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 the termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after the communication of such decision to the Company.

Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs.

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

vii. We draw your attention to Note 6.6 and 6.7 of accompanying SFS ("as restated") which states that during the year management has not conducted physical verification of inventory, and the same was conducted in FY 2023-24 and as per the inventory valuation report obtained from an independent valuer, the company has written off the value of Raw material by ₹ 29,431.57 lakhs. During the year 2023-24 management has conducted internal assessment/verification of the Inventories, and an amount of ₹ 38,629.94 lakhs has been written off from the Work in Progress. Effect of both these write offs is given in financials for the year 2022-23.

viii. We draw your attention to Note 7.3 of accompanying SFS ("as restated") which states that during the year, the company has written off trade receivables amounting to ₹ 79,508.24 lakhs. The writing off has been effected out of the provision created in the earlier years.

ix. We draw your attention to Note 9.1 and 9.3 of accompanying SFS ("as restated") which states that Subsidy Receivable for Shipbuilding and Shipbuilding Contract Receivables for amounting to ₹ 7,830.03 and ₹ 173,219.05 lakhs respectively have been written off. Shipbuilding Contract Receivables for NOPV, CGTS and FPV written off on account of cancellation order by Ministry of Defence for which an earlier provision existed in the books. Please also refer note 6.3, 6.4 and 6.5. The write-off has been created out of the provision created in the earlier years. During the year the company has written off the GST and Cenvat credit amounting to ₹ 619.63

lakhs. Further an additional provision of ₹ 21,802.67 lakhs has been created for advances given to vendors in view of uncertainty of realisability and provision of ₹ 740.57 lakhs has been created for Shipbuilding Contracts Receivables.

x. We draw your attention to Note 10.1 (a) & (b) of accompanying SFS ("as restated") which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by ₹ 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest ₹ 5,000 lakhs by way of 5 crores equity shares of ₹ 10 each in the company. The infusion of the amount happened on October 27, 2023.

xi. We draw your attention to Note 25 of accompanying SFS ("as restated") which states that the Company has accounted certain expenses grouped under other expenses related to previous financial year. During the period, prior period income and expenses were booked amounting to ₹ 69.73 lakhs income and prior period purchases were booked amounting to ₹ 20.63 lakhs. Accordingly, the expenses were understated by the management to that extent in previous period.

xii. We draw your attention to Note 40 of accompanying SFS ("as restated") which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of ₹ 40,15,517/- was received on February 22, 2023.

xiii. We draw your attention to Note 40 of accompanying SFS ("as restated") which states notional finance cost recorded in the Profit and Loss statement from April 1, 2022 to December 23, 2022 has been reversed under recasting gain reported under exceptional items as of December 23, 2022 due to the implementation of the resolution plan.

xiv. We draw your attention to Note 40 of accompanying SFS ("as restated") which inter-alia states that, as per regulatory compliance, the company is required to conduct an internal audit for FY 2022-23. The internal auditor is not appointed for the period ending 31 March, 2023.

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

Our opinion is not modified in respect of the above-mentioned matters.

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

i. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and auditors' report thereon. The Director's report is expected to be made available to us after the date of this auditors' report.

ii. Our opinion on the SFS does not cover the other information and we do not express any form of assurance conclusion thereon.

iii. In connection with our audit of SFS, our responsibility is to read the other information and, in doing so, consider, whether the other information is materially inconsistent with the SFS or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Statements

i. The 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 SFS that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 SFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

ii. In preparing the SFS, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

iii. The Company's Board of Directors are also responsible for overseeing the company's financial reporting process.

iv. The new management has been granted full control of affairs of the Company with effect from January 04, 2024 only.

Auditor's Responsibilities for the Audit of the SFS

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

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 SFS, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the SFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the SFS, including the disclosures, and whether the SFS represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the SFS that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the SFS may be influenced. We consider quantitative materiality and qualitative factors (i) in 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 SFS.

We communicate with those charged with governance ('TCWG') regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG 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.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the SFS of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

i. The audit of standalone financial statement for the year ended March 31, 2023 was initially being carried out and reported by M/s. Pipara & Co LLP vide their modified audit report dated February 13, 2024, whose report has been furnished to us by the management. The modified report was issued due to the significance of certain matters detailed in the auditor's report. However on June 12, 2024 the Audit committee, Board of Directors, and management has passed a resolution to restate and incorporate impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company into the financial statements. On the basis of written opinion obtained from Practising Company Secretary the new management has decided to restate the audited standalone financial statement which were already signed by the new management on February 13, 2024. Since the previous auditor Pipara & Co LLP has resigned on October 12, 2024, the company has appointed N.N Jambusaria & Co to fill the causal vacancy through a board resolution dated October 18, 2024.

ii. The comparative Ind AS financial statement for the year ended March 31, 2022 are included in these Standalone Financial Statement, on which predecessor auditor have issued a disclaimer of opinion dated December 16, 2022.

iii. 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. We have not assessed the impact of the above non compliances on the SFS.

iv. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliance under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations. Furthermore, pursuant to the NCLT order dated December 23, 2022, the company has sought waivers for interest and penalties levied by regulatory authorities for periods preceding the afore mentioned order date.

v. The standalone financial statements of the Company shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it should be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the standalone financial statements. As mentioned in Note No. 3 since vide the Monitoring Committee's meeting dated January 04, 2024, it was dissolved, and the appointed new Board of Directors ("new management") of the company were given the full authority to manage the affairs of the company in accordance with the provisions of Companies Act, 2013. In view of the said appointment of new management, the standalone financial statements are being signed by new management.

Our opinion is not modified in respect of the above mentioned matters.

Report on Other Legal and Regulatory Requirements

(A) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

(B) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained except the matters described in the Basis for Qualified Opinion section, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Except the effects/possible effects of the matters stated in Basis of Qualified opinion section of our report, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) Subject to the effects/possible effects of the matters stated in Basis of Qualified opinion section of our report, in our opinion, the aforesaid standalone financial statements (as restated) comply with the Ind AS specified under Section 133 of the Act.

(e) Due to the absence of information, we are unable to comment if the directors during the FY 2022-23 are disqualified as on March 31 2023, 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 of the company as on the date of signing of these SFS (as restated) which has been taken on record by the Board of Directors of the company, none of the directors of the company incorporated in India is disqualified as on the date of signing of these SFS from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement.

ii. Based on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

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 by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

(h) The company have not declared or paid any dividend during the year and have not proposed final dividend for the year.

(i) Considering that this SFS has been prepared for the year ended March 31, 2023 and accordingly this clause pertaining to audit log will not be applicable for the company.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, no remuneration was paid by the company to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN No.: 24038979BKBNXM6746

Place: Mumbai
Date: November 11, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under 'Report on other legal and Regulatory Requirements of Independent Auditor's Report of even date to the members of Reliance Naval and Engineering Limited ("the company") on the Standalone Financial Statements for the year ended March 31, 2023

To the best of our information and according to the explanations provided to us by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:-

i. Property, Plant and Equipment

a)

A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B. The Company has Intangible Assets in the books of accounts and management has conducted a full impairment assessment in the preceding years, hence it is not required to maintain proper records showing full particulars, including quantitative details and situation of intangible assets.

b) The Company has a program of physical verification of Property, Plant and Equipment in a phased manner, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. Pursuant to the program and post getting full authority from monitoring committee to the Board of Directors of the company on January 04, 2024, the property, plant & equipment were physically verified by the management and assets which were not physically available and which were beyond economic repairs and damages due to the cyclone has been impaired and impact has been considered in the books of accounts for the year ended March 31, 2023.

c) According to the information and explanation given to us and on the basis of examination of the records of the company, the company does not have any immovable properties held in their name (other than properties where the company is the lessee and the lease agreement are duly executed in the favour of Lessee) and no requirement of title deeds arises.

d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.

ii. Inventories

a) The management has not conducted physical verification of inventory during the year ended March 31, 2023. However, once the handover process has been completed to the new management on January 4, 2024, the verification was carried out by new management in FY 2023-24.

b) According to the information and explanations given to us, as the company was undergoing the CIRP process, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3 (ii) (b) of the order is not applicable.

iii. Loans given

According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any additional investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or other parties during the year. Accordingly, reporting under clause 3 (iii) (a),(b),(c),(d),(e),(f) of the order is not applicable.

iv. Compliance of Sec 185 & 186

Basis the details and the information received from the management and their representation, we have noted that the company had complied with the provisions of section 185 and 186 of the Act. During the current year, the company has not provided any additional corporate guarantees and securities.

v. Public Deposit

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. Cost Records

According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the company. Hence, reporting under clause 3 (vi) of the Order is not applicable to the company.

vii. Statutory Dues

a) According to information and explanations given to us and on the basis of our examination of the records of the company, the company was not regular in depositing undisputed statutory dues including Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, sales-tax, service tax, Duty of Customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities. However, pursuant to implementation of the Resolution Plan, the company has reassessed the outstanding undisputed statutory dues and it has been determined that except the following dues as at March 31, 2023 outstanding for a period of more than six months from the date they became payable, the company is regular in depositing the undisputed statutory dues.

Name of the Statue	Nature of Dues	Period to which it relates	Amount in ₹ Lakhs
Employees' Provident Fund	Provident Fund	Various dates before October'2022	75.78
Profession Tax Act	Profession Tax	Various dates before October'2022	0.49

b) There were disputed dues in respect of income-tax and duty of excise that have not been deposited with the appropriate authorities on account of any dispute. However, pursuant to the implementation of Resolution Plan, the company has reassessed the outstanding disputed statutory dues and it has been determined that no disputed statutory dues exist as at March 31, 2023.

viii. In our opinion and according to the information and explanations given to us, the company has not surrendered or disclosed as income any transaction not recorded in the books of accounts during the year in the tax assessments under the Income Tax Act,1961

ix. Application & Repayment of Loans & Borrowings

a) In our opinion and according to the information and explanations given to us, the company had initially defaulted in repayment of dues to the financial institutions and banks and accordingly the company has been admitted in the CIRP on January 15, 2020.

The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant) in the CIRP of Reliance Naval and Engineering Limited was approved by the members of committee of creditors of the Company (CoC) in their meeting, and subsequently been approved/allowed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) on March 23, 2023. With the approval of the Resolution Plan, the CIRP of the Company has therefore concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from March 23, 2023.

Further, as per the terms of the approved Resolution Plan, a monitoring committee was constituted (to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company shall be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan).

Subsequently on payment of upfront amount as agreed in the resolution Plan, the monitoring committee got discharged on January 4, 2024 and they have appointed M/s P.C. Patni & Company as 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 200 Crore was to be made by SRA by March 23, 2023. SRA had taken approval from NCLT for an extension till November 15, 2023 for depositing the same. The actual deposit was done on October 27, 2023.

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

Accordingly, the company has not defaulted in repayment of borrowings subsequent to the implementation of the resolution plan.

b) According to the information provided to us by the management, the company not been declared as wilful defaulter by any bank or financial institutions or other lenders.

c) The Company has not taken term loan during the year and hence, reporting under clause 3 (ix) (c) is not applicable.

d) On an overall examination of the financial statements of the company, we state that company has not raised short term fund during the year.

e) The company has not taken any additional funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company has not raised fresh loans during the year on the pledge of securities held in subsidiaries, joint ventures or associate companies

For the purpose of reporting under this clause, only the events and transactions pertaining to the period from the implementation date of Resolution Plan i.e December 23, 2022 to March 31, 2023, have been considered (refer Note ... to the Financial Statement).

x. Application of funds raised through public offer

a) The company has not raised money by way of Initial Public Offer or further public offer including debt instruments and term loans during the year and hence reporting under clause (x) (a) of the Order is not applicable to the company

b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause (x)(b) of the Order is not applicable to the company.

xi. Fraud

a) Based on the information and explanations given to us by the management, no material fraud has been noticed or reported by the company during the year.

b) To the best of our knowledge, owing to (xi) (a), report under sub-section (12) of section 143 of the Companies Act is not required to be filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) No whistle-blower complaints have been received during the year by the company as represented to us by the management.

xii. Nidhi Company

The Company is not a Nidhi company as per the Nidhi Rules, 2014. Hence reporting under Clause 3(xii) of the Order is not applicable to the company

xiii. In our opinion and according to the information and explanations received from the management of the company, the Company has entered into the transactions with related parties in compliance with Section 177 and 188 of Companies Act, 2013, where applicable, for all the balances of related parties and details of related parties sanctions have been disclosed in the Financial Statements, as required by the Accounting Standards and the Companies Act, 2013.

xiv. Internal Audit

According to the information and explanation provided to us and based on our examination of the records of the company, the company is required to conduct Internal Audit as per Section 138 of the Companies Act 2013. However, company has not appointed any internal auditor for FY 2022-2023.

xv. In our opinion and according to the information and explanations given to us, the company has not entered any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.

xvi. Registration u/s 45-IA of RBI Act

a) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company

b) The Company has not conducted any Non-Banking Financial or Housing Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

d) According to the information and explanations provided to us during the course of audit, the Group does not have any Core Investment Company. Accordingly, the requirements of clause 3(xvi)(d) are not applicable

xvii. The company has not incurred cash losses during the year and cash losses amounting to ₹ 1,99,839.37 lakhs were incurred during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year 2022-23. The Monitoring Committee was discharged on January 4, 2024 and the new management of the Company was given full authority to manage the Company's affairs in compliance with the Companies Act, 2013. In pursuance of the resignation of predecessor auditors, the new management appointed N. N. Jambusaria & Co. as new auditors. We have considered all the issues, objections and concerns raised by the outgoing auditors as applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. Corporate Social Responsibility

The company is not required to spend any amount towards Corporate social Responsibility (CSR) and thus there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) or to special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the order is not applicable to the company

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

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN No.: 24038979BKBNXM6746

Place: Mumbai
Date: November 11, 2024

Annexure B

To the Independent Auditor's Report on the SFS of Reliance Naval and Engineering Limited for the year ended March 31, 2023

(Referred to in Paragraph 2 (A) (f), under 'Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

Qualified Opinion

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company with respect to the matter stated in Basis for Qualified Opinion section of this Annexure 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. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal control over financial reporting and whether such internal control was operating effectively as on March 31, 2023 with respect to the matter stated in Basis for Qualified Opinion section of this Annexure.

Basis for Qualified Opinion

Based on the limited audit procedures performed by us during the course of our audit, material weakness in the controls pertaining to the following matter has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at March 31, 2023:

a) The accompanying Standalone Financial statement of the company for the year ended March 31, 2023 have been prepared on the basis of the trial balance for the period ended March 31, 2023 which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial statement as on March 31, 2023. The recasting Gain/loss booked in the financial statement have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

b) Since the new management has incorporated the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we could not obtain sufficient and appropriate audit evidences relating to design, implementation and operating effectiveness of internal financial controls pertaining to the opening balances written off under the exceptional item.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Nimesh Jambusaria
Partner
UDIN: 24038979BKBNXM6746
Membership Number.:038979

Place: Mumbai
Date: November 11, 2024

Restated Standalone Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

	Particulars	Note	As at March 31, 2023	As at March 31, 2022
I	ASSETS			
(1)	**Non Current Assets**			
	(a) Property, Plant and Equipment	2	1,16,485.95	1,25,503.74
	(b) Right-of-use Assets	2	6,731.77	7,724.07
	(c) Capital Work in Progress	2	3,669.00	3,669.00
	(d) Intangible Assets	2	-	-
	(e) Financial Assets			
	(i) Investments	3	153.49	153.49
	(f) Deferred Tax Assets (net)	4	-	-
	(g) Other Non Current Assets	5	9,343.02	7,630.93
	Total Non Current Assets (A)		**1,36,383.23**	**1,44,681.23**
(2)	**Current Assets**			
	(a) Inventories	6	1,40,515.47	2,08,632.37
	(b) Financial Assets			
	(i) Trade Receivables	7	-	81.09
	(ii) Cash and Cash Equivalents	8	809.63	2,781.76
	(c) Current Tax Assets (net)		24.63	332.81
	(d) Other Current Assets	9	558.06	17,544.09
	Total Current Assets (B)		**1,41,907.79**	**2,29,372.12**
	TOTAL ASSETS (A+B)		**2,78,291.02**	**3,74,053.35**
II	EQUITY AND LIABILITIES			
(1)	**Equity**			
	(a) Equity Share Capital	10	268.22	73,759.13
	(b) Other Equity	11	54,205.05	(18,12,978.93)
	Total Equity (A)		**54,473.27**	**(17,39,219.80)**
(2)	**Liabilities**			
2.1	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	12	1,85,000.00	1,342.79
	(ii) Lease Liability		8,137.03	8,691.34
	(b) Provisions	13	43.01	30.75
	Total Non Current Liabilities (B)		**1,93,180.04**	**10,064.88**
2.2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	14	20,000.00	2,87,284.20
	(ii) Lease Liability		809.05	632.57
	(iii) Trade Payables	15		
	Total outstanding dues of micro and small enterprises		28.29	753.84
	Total outstanding dues of creditors other than micro and small enterprises		7,798.33	33,269.10
	(iv) Other Financial Liabilities	16	1,925.34	17,65,754.74
	(b) Other Current Liabilities	17	76.70	4,518.85
	(c) Provisions	18	-	10,994.97
	Total Non Current Liabilities (C)		**30,637.71**	**21,03,208.27**
	TOTAL EQUITY AND LIABILITIES (A+B+C)		**2,78,291.02**	**3,74,053.35**
	Material Accounting Policies	1		
	Notes forming part of Restated Standalone Financial Statements	2 to 40		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXM6746

Place : Mumbai
Date : November 11, 2024

Restated Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Lakhs)

	Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	19	316.10	632.00
II	Other Income	20	459.82	1,107.10
III	**Total Income (I + II)**		**775.92**	**1,739.10**
IV	**Expenses**			
	(a) Cost of Materials Consumed	21	25.72	110.29
	(b) Cost of Raw Material Sold		-	-
	(c) Changes in Inventories of Work in Progress & Scrap	21	-	-
	(d) Employee Benefits Expenses	22	325.58	479.56
	(e) Finance Costs	23	1,46,972.79	1,99,856.87
	(f) Depreciation and Amortisation Expenses	2	6,828.59	7,395.91
	(g) Other Expenses	24	5,052.77	2,702.56
	Total Expenses (IV)		**1,59,205.45**	**2,10,545.19**
V	**Profit / (Loss) before Exceptional Items and Tax (III - IV)**		**(1,58,429.53)**	**(2,08,806.09)**
VI	**Exceptional Items**	25		
	Reversal of impairment for the debtor (Indian Navy - Refit)		-	165.67
	Loss of Inventory		(9.93)	-
	Recasting Gain		19,52,132.53	
VII	**Profit / (Loss) Before Tax (V - VI)**		**17,93,693.07**	**(2,08,640.42)**
VIII	**Tax Expense**			
	- Current Tax		-	-
	- Deferred Tax Credit/ (Reversal)	4	-	-
	- Income Tax for Earlier Years		-	-
IX	**Profit / (Loss) after tax (VII - VIII)**		**17,93,693.07**	**(2,08,640.42)**
X	**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		-	-
	Income tax relating to items that will not be reclassified to profit or loss		-	-
	Total Other Comprehensive Income for the year (X)		-	-
XI	**Total Comprehensive Income for the year (IX + X)**		**17,93,693.07**	**(2,08,640.42)**
XII	**Earnings per Equity Share of ₹ 10 each**	26		
	- Basic (In ₹)		66,875.20	(28.29)
	- Diluted (In ₹)		66,875.20	(28.29)
Material Accounting Policies		1		
Notes forming part of Restated Standalone Financial Statements		2 to 40		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979

Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXM6746

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Restated Standalone Statement of Changes in Equity

for the year ended March 31, 2023

A Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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
Changes in equity share capital during the year				
Issue of equity shares during the year	-	-	-	-
Equity Shares Cancelled	(73,49,09,113)	(73,490.91)	-	-
Equity Shares at the end of the year	**26,82,150**	**268.22**	**73,75,91,263**	**73,759.13**

B Other Equity

(₹ 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, 2021	**6,254.96**	**1,50,011.33**	**22,791.35**	**(17,83,566.04)**	**169.89**	**(16,04,338.51)**
Add/(Less):						
Profit/(Loss) for the year	-	-	-	(2,08,640.42)	-	(2,08,640.42)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2022	**6,254.96**	**1,50,011.33**	**22,791.35**	**(19,92,206.46)**	**169.89**	**(18,12,978.93)**
As at April 01, 2022	**6,254.96**	**1,50,011.33**	**22,791.35**	**(19,92,206.46)**	**169.89**	**(18,12,978.93)**
Add/(Less):						
Profit/(Loss) for the year	-	-	-	17,93,693.07	-	17,93,693.07
Change in equity structure	73,490.91	-	-			73,490.91
Other Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**
	73,490.91	-	-	**17,93,693.07**	-	**18,67,183.98**
As at March 31, 2023	**79,745.87**	**1,50,011.33**	**22,791.35**	**(1,98,513.39)**	**169.89**	**54,205.05**
Material Accounting Policies Note 1						
Notes forming part of Restated Standalone Financial Statements Note 2 to 40						

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979

Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXM6746

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Restated Standalone Cash Flow Statement

for the year ended March 31, 2023

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
A	**Cash Flow from Operating Activities**		
	Profit / (Loss) before Tax	17,93,693.07	(2,08,640.42)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,828.59	7,395.91
	Interest Income	(12.26)	(21.79)
	Loss on Sale of Plant, property and equipments (net)	1,805.00	-
	Finance Costs	1,46,972.79	1,99,856.87
	RoU recalculation Fixed asset Impairment and W/off	220.81	-
	Operating cash flow before working capital changes	**19,49,508.00**	**(1,409.43)**
	Movement in Working Capital		
	(Increase) / Decrease in Inventories	68,116.90	256.36
	(Increase) /Decrease Trade and Other Receivables	15,355.03	(310.51)
	Increase in / (Decrease) Trade and Other Payables	(18,90,455.40)	2,02,176.91
	Cash Used in Operations	**1,42,524.53**	**2,00,713.33**
	Income Taxes (Paid) / Refund	308.18	13.74
	Net Cash from Operating Activities	**1,42,832.71**	**2,00,727.07**
B	**Cash Flow from Investing Activities**		
	Sale of Property, Plant and Equipment and Capital Work in Progress	1,155.69	-
	FD kept with bank	-	212.77
	Interest Received	12.26	21.79
	Net Cash from Investing Activities	**1,167.95**	**234.56**
C	**Cash Flow from Financing Activities**		
	Finance Costs	(1,46,972.79)	(1,99,857.87)
	Borrowings (From Hazel Infra Ltd)	1,000.00	
	Net Cash used in Financing Activities	**(1,45,972.79)**	**(1,99,857.87)**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,972.13)**	**1,103.76**
	Cash and Cash Equivalents at the beginning of the year	2,781.76	1,678.00
	Cash and Cash Equivalents at the end of the year (refer note 8)	809.63	2,781.76

Material Accounting Policies Note 1

Notes forming part of Restated Standalone Financial Statements Note 2 to 40

Notes :

1. The above cash flow statement has been prepared under the “Indirect Method” as set out in IND AS 7 – “Statement of Cash Flows” as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979

Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXM6746

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 1

Statement of Material Accounting Policies

General Information

Herein, the term “financial statement/results” shall be understood to mean “restated financial statement/results.”

The financial statements comprise financial statements of Reliance Naval and Engineering Limited (“RNEL” or “the Company”) for the year ended March 31, 2023. RNEL is a Company 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 Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the 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 one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

On September 4, 2018, IDBI Bank in its capacity of financial creditor filed a petition under the Insolvency and Bankruptcy Code 2016 (the “IBC” / “Code”) with the Hon’ble National Company Law Tribunal, Ahmedabad (the “NCLT”) against Reliance Naval and Engineering Limited (“the Company”). The NCLT, vide its order dated January 15, 2020 (“Insolvency Commencement Date”) initiated the Corporate Insolvency Resolution Process (“CIRP”) of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional (“IRP”) in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the “CoC”) has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional (“RP”) for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5, 2020. The powers of the Board of Directors of the Company stand suspended with effect from January 15, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended in accordance with the provisions of the approved resolution plan. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has therefore concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL shall be carried out by the Monitoring Committee until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its MC 3rd meeting dated January 31, 2023.

In line with the approved resolution plan, the Successful Resolution Applicant (“SRA”) deposited upfront payment tranches on October 27, 2023, and the same has been received in the designated bank account of the Company. By January 4, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4, 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.

These financial statement of March 31, 2023 are prepared to incorporate the effects of the resolution plan approved by Hon’ble NCLT Ahmedabad bench date December 23, 2022, and also for giving the effect of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company. These financial results of March 31, 2023, supersede the earlier financial results adopted by the Resolution Professional and duly certified by the previous auditor M/s. Pipara & Co LLP on February 13, 2024. M/s. Pipara & Co LLP resigned on October 12, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18, 2024.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

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

Business Revival and continuity plan

The new management of the Company is revitalizing the business through a comprehensive approach that strategically targets key market segments and establishes a clear roadmap to secure a competitive edge by focusing on 5 key levers:

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

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 Financial Statements:

The 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. 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 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 Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in Indian Rupee (₹), which is the functional currency for the Company.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

1.4 Use of Estimates:

The preparation of 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 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 Company 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 Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company 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 Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised 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 recognised 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.

1.5 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

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

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.

1.6 Other Material Accounting Policies:

I Property, Plant and Equipments:

i. The Company has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Company 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 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.

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	14/33
SAP/ Technical Know How	10
Vehicles & excavator	8/15
Toilet Block	7
Computers and accessories	2 to 6
Office equipments	2 to 6
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. Material 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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

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 Company 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 Company, 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 Company 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 Company 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 Company uses incremental borrowing rate. For short-term and low value leases, the Company 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 Company 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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

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.

Financial Assets:

i Classification:

The Company 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 Company 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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Financial Liabilities:

i Classification:

The Company 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 Company 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 subsequently re-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 Company 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 Company'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 Company, 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 expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

iii. Other long-term employee benefits:

The Company'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.

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 Company:

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 Company 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 Company 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 Company 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 Company 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 Company;

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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 2

A Property, Plant and Equipments

(₹ in Lakhs)

Depreciation of Assets	Owned Assets						Leased Assets		Intangible Assets	Total
	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 , 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
Additions during the year on account of recalculation of Right-of-use Assets	–	–	–	–	–	–	248.85	–	–	248.85
Deductions	376.17	22,139.06	384.86	681.42	435.17	24,016.68	–	–	9,996.02	34,012.70
As at March 31, 2023	**49,833.41**	**4,91,790.20**	**505.91**	**339.97**	**203.02**	**5,42,672.51**	**11,082.69**	**48,448.78**	**734.29**	**6,02,938.27**
II Accumulated Depreciation and Impairment										
a Accumulated Depreciation										
As at April 01, 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
Additions during the year	1,257.43	4,199.13	0.76	1.68	14.41	5,473.41	1,049.37	305.81	–	6,828.59
Additions during the year on account of recalculation of Right-of-use Assets							191.78			191.78
Deductions	118.83	11,863.78	358.53	630.19	338.09	13,309.42	–	–	547.34	13,856.76
As at March 31, 2023	**19,406.96**	**1,09,409.89**	**355.11**	**222.57**	**188.93**	**1,29,583.46**	**4,350.92**	**16,917.36**	**369.90**	**1,51,221.64**
b Impairment										
As at April 01, 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
Additions during the year	–	20.74	0.18	–	(0.14)	20.78	–	–		20.78
Deductions	104.26	7,268.35	25.46	38.84	52.94	7,489.85	–	–	9,448.68	16,938.53
As at March 31, 2023	**7,897.39**	**2,94,872.51**	**127.80**	**104.17**	**2.51**	**3,03,004.38**	**–**	**25,129.76**	**364.39**	**3,28,498.53**
III Net Carrying Amount as at March 31, 2023	**22,529.06**	**87,507.80**	**23.00**	**13.23**	**11.58**	**1,10,084.67**	**6,731.77**	**6,401.66**	**–**	**1,23,218.10**
Previous Financial Year										
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**

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Depreciation of Assets		Owned Assets						Leased Assets		Intangible Assets	Total
		Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
b	Impairment										
	As at April 01, 2021	8001 .65	302120 .12	153 .08	143 .01	55 .59	310473 .45	–	25129 .76	9813 .07	345416 .28
	Additions during the year	–	–	–	–	–	–	–	–	–	–
	Deductions	–	–	–	–	–	–	–	–	–	–
	As at March 31, 2022	**8001 .65**	**302120 .12**	**153 .08**	**143 .01**	**55 .59**	**310473 .45**	**–**	**25129 .76**	**9813 .07**	**345416 .28**
III	**Net Carrying Amount as at March 31, 2022**	**23939 .57**	**94734 .60**	**24 .81**	**27 .30**	**69 .99**	**118796 .27**	**7724 .07**	**6707 .47**	**–**	**133227 .81**

*Other than Internally Generated.

Note

1 During the year scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 31, 2022 is ₹ 2,961 lakhs, and the sale value is ₹ 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to ₹ 1,805 lakhs during the year ended as per the relevant financial reporting framework.

2 There was a large-scale damage to Property, Plant and Equipment due to cyclone Tauktae which hit the Company premises during May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per assessment report from a reputed valuer.

3 During the year management has not conducted physical verification of fixed assests. However, the verification was carried out by new management in FY 2023-24 and assets which were not physically available amounting to ₹ 257.10 Lakhs has been written off and assets which were beyond economic repairs and damages due to the cyclone as mentioned in note 2 amounting to ₹ 20.78 lakhs has been impaired.

4 In accordance with IND AS 36, the company has conducted impairment testing as mentioned in note 3 based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021, as mentioned in note 2 above.

(₹ in Lakhs)

		2022 - 2023	2021 - 2022
B	Capital Work in Progress	**3,669.00**	3,669.00

1 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 12 and 14 to the financial statements.

1.1 Capital Work in Progress includes: (₹ in Lakhs)

Particulars	2022 – 2023	2021 – 2022
– Assets under construction and installation	4,48,172.82	4,48,172.82
– Preoperative expenses	–	–
– Impairment	(4,44,503.82)	(4,44,503.82)
– Reversal of Impairment during the year	4,44,503.82	–
– Written off during the year	(4,44,503.82)	–
– Preoperative expenses		
Total	**3,669.00**	**3,669.00**

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

1.2 Capital-Work-in Progress (CWIP) disclosure as per notification issued by the 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

During the year, the company has written off Capital-Work-in Progress (CWIP) amounting to ₹ 444,503.82 lakhs. The write-off has been created out of the provision created in the earlier years.

Note - 3

Investments

(₹ in Lakhs)

Particulars	% of holding	Face Value	Numbers March 31, 2023	Numbers March 31, 2022	As at March 31, 2023	As at March 31, 2022
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)	100.00%	₹10	2,17,09,327	2,17,09,327	1,896.73	1,896.73
RMOL Engineering and Offshore Limited *(formerly Reliance Marine and Offshore Limited)*	100.00%	₹10	-	50,000	-	5.00
REDS Marine Services Limited *(formerly Reliance Engineering and Defence Services Limited)*	100.00%	₹10	-	50,000	-	5.00
Reliance Technologies and Systems Private Limited	100.00%	₹10	10,000	10,000	1.00	1.00
PDOC Pte. Limited *(Incorporated and place of business at Singapore)*	100.00%	SGD1	25,000	25,000	11.74	11.74
					1,909.47	**1,919.47**
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹10	1,12,200	1,12,200	153.49	153.49
					153.49	**153.49**
In Equity Shares of Other Company						
Reliance Underwater Systems Limited *(formerly Reliance Lighter than Air Systems Private Limited)”*	50.00%	₹10	1,40,000	1,40,000	**14.00**	**14.00**
In Government and Other Securities						
6 years National Savings Certificate	-	-	-	-	0.05	0.05
(Deposited with Sales Tax Department)						
					0.05	**0.05**
Less - Impairment of Investments					(1,923.52)	(1,933.52)
Total					**153.49**	**153.49**

3.1 Refer note no. 1(6)(x) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

(₹ in Lakhs)

Particulars	As at March 31, 2023 Book Value	As at March 31, 2023 Market Value	As at March 31, 2022 Book Value	As at March 31, 2022 Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	153.49	-	153.49	-
Total	**153.49**	**-**	**153.49**	**-**

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company. However the amount of investment in E Complex Pvt Ltd has been fully impaired.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

3.4 The Company has impaired investments 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 Material 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 As per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31, 2023. There are five subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr no.	Name of the Company	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
6	Conceptia Software Technologies Private Limited	Associate	Active

3.7 E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4, 2023 which has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

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

Note - 4

Deferred Tax Liabilities/(Assets) (Net)

4.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the year ended March 31, 2023 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 Company has not recognised net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as evidences.

Note - 5

Other Non Current Assets

(Unsecured and considered good)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits with		
Related Parties (Refer note no. 32)	7,370.00	7,370.00
Others	1,973.02	260.93
Total	**9,343.02**	**7,630.93**

Due to non availability of details, company has written off deposits amounting to ₹ 30.26 lakhs. During the year, classificaiton of deposit amounting to ₹ 1,742.35 lakhs has been reclassified from current to non current.

As on March 31, 2023, the Company had given Security Deposit (short-term and long-term) amounting to ₹ 9,343.02 Lakhs. Out of the above security deposit, an amount of ₹ 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 4, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Note - 6

Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
Raw Materials	39,849.62		39,862.69	
Raw Materials Written off During the period	(29,431.57)		-	
		10,418.05		39,862.69
Work in Progress	1,68,038.94		1,68,038.94	
Work in Progress Written off During the period	(38,629.94)		-	
		1,29,409.00		1,68,038.94
Stores and Spares		688.42		730.74
Total		**1,40,515.47**		**2,08,632.37**

6.1 Refer note no. 1.6(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. 12 and 14 to the financial statements.

6.3 An amount of ₹ 1,20,216.55 lakhs is included in Work in Progress. This amount represents the realisable value of vessels NOPV, CGTS and FPV created on cancellation of orders from customers.

6.4 The amount of ₹ 1,73,219.05 lakhs were shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of ₹ 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice received from Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15, 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 had offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in 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.

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

6.5 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.

6.6 During the year management has not conducted physical verification of inventory. However, the verification was carried out by new management in FY 2023-24. However on the basis of the inventory valuation report obtained from an independent valuer, the Company has written off the value of Raw material by ₹ 29,431.57 lakhs.

Notes to Restated Standalone Financial Statements
for the year ended March 31, 2023

6.7 During the year management has conducted internal assessment/verification of the Inventories and an amount of ₹ 38,629.94 lakhs has been written off from the Work in Progress.

Note - 7

Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables Considered Good - Unsecured (Less than 180 days)	-	8.39
Trade Receivables Considered Good - Unsecured (More than 180 days)	700.07	772.77
Trade Receivables Credit Impaired	79,508.24	79,508.24
	80,208.31	**80,281.01**
Less: Provision for Credit Impaired	(80,208.31)	(80,208.31)
Add: Provision for Credit Impaired reversed	79,508.24	-
Less: Trade Receivables Written off	(79,508.24)	-
	-	72.70
Total	**-**	**81.09**

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

7.2 Aging of Trade receivable.

Particulars	Outstanding for following periods from due date of payment					Total as at March 31 2023
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables- considered good	-	-	-	-	-	-
Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	700.07	700.07
Provision	-	-	-	-	(700.07)	(700.07)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Particulars	Outstanding for following periods from due date of payment					Total as at March 31 2022
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables- considered good	8.39	72.70	-	-	-	81.09
Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	80,208.31	80,208.31
Provision	-	-	-	-	(80,208.31)	(80,208.31)
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total	**8.39**	**72.70**	**-**	**-**	**-**	**81.09**

7.3 During the year, the Company has written off trade receivables amounting to ₹ 79,508.24 lakhs. The write-off has been created out of the provision created in the earlier years.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 8

Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks in Current Accounts	809.54	2,781.63
Cash on hand	0.09	0.13
Total	**809.63**	**2,781.76**

During the year while reconciling the balance with various bank the Company has identified a net positive difference of ₹ 12.10 lakhs in various bank accounts. The same has been appropriately adjusted in respective balances of the bank accounts.

Note - 9

Other Current Assets

(Unsecured & considered good)

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
Security Deposits		-		1,742.35
Prepaid Expenses		69.34		371.51
Goods and Service Tax / Cenvat / VAT recoverable		367.09		948.35
Receivables pertaining to other income		22.58		76.38
Advance against purchase of material / services and capital goods	32,191.02	-	23,954.23	
Less : Advance against purchase of material / services and capital goods Impaired	(10,289.30)		(10,289.30)	
Less : Advance against purchase of material / services and capital goods Impaired during the year (Refer Note 9.3)	(21,802.67)		-	
		99.05		13,664.93
Shipbuilding Contracts Receivables	1,73,959.62		1,73,959.62	
Less: Shipbuilding Contracts Receivables - Impaired	(1,73,219.05)		(1,73,219.05)	
Add: Shipbuilding Contracts Receivables - Impaired Reversal	1,73,219.05		-	
Add: Shipbuilding Contracts Receivables - Impaired	(740.57)			
Less: Shipbuilding Contracts Receivables - Written off	(1,73,219.05)		-	
		-		740.57
Subsidy Receivable For Shipbuilding	7,830.03		7,830.03	
Less: Subsidy Receivable For Shipbuilding Impaired	(7,830.03)		(7,830.03)	
Add: Subsidy Receivable For Shipbuilding Impaired Reversal	7,830.03		-	
Less: Subsidy Receivable For Shipbuilding Written off	(7,830.03)		-	
Total		**558.06**		**17,544.09**

9.1 Subsidy Receivable For Shipbuilding and Shipbuilding Contract Receivables for amounting to ₹ 7830.03 and ₹ 173,219.05 lakhs respectively has been written off. Shipbuilding Contract Receivables for NOPV, CGTS and FPV written off on account of cancellation order by Ministry of Defence for which an earlier provision existed in the books. Please also refer note 6.3, 6.4 and 6.5. The write-off has been created out of the provision created in the earlier years.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

9.2. **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.

9.3 During the year the company has written off the GST and Cenvat credit amounting to ₹ 619.63 lakhs. Further an additional provision of ₹ 21,802.67 lakhs has been created for advances given to vendors in view of uncertainty of realisability. And provision of ₹ 740.57 lakhs has been created for Shipbuilding Contracts Receivables.

Note - 10

Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	11,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/- each	4,00,000.00	4,00,000.00
	15,00,000.00	**15,00,000.00**
Issued, Subscribed and fully paid up		
26,82,150 (Previous Year: 737,591,263) Equity Shares of ₹ 10/- each fully paid up	268.22	73,759.13
Total	**268.22**	**73,759.13**

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

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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
Less : equity shares cancelled (refer note a and b below)	(73,49,09,113)	(73,490.91)	-	-
Equity Shares at the end of the year	**26,82,150**	**268.22**	**73,75,91,263**	**73,759.13**

a. The Number of equity share in the Company stands reduced based on approved resolution plan by Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the Company, resulting in reduction of equity capital by ₹ 73,490.91 lakhs.

b. As per the approved resolution plan, Hazel Infra Limited was to invest ₹ 5,000 lakhs by way of 5 crores equity share of ₹ 10 each in the Company. The infusion of the amount happened on October 27, 2023.

10.2 Shareholders holding more than 5% Shares in the Company:

(₹ in Lakhs)

Shares held by	As at March 31, 2023		As at March 31, 2022	
	No of Shares	% Holding	No of Shares	% Holding
a. Position of Holding before infusion of Equity by Hazel Infra Limited				
Vistra ITCL India Limited (on behalf of lenders)	5,27,655	19.67%	14,51,04,995	19.67%
Life Insurance Corporation of India	2,12,603	7.93%	5,84,65,899	7.93%

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Shares held by		As at March 31, 2023		As at March 31, 2022	
		No of Shares	% Holding	No of Shares	% Holding
b.	**Position of Holding post infusion of Equity by Hazel Infra Limited on October 27, 2023. Also refer note 10.1 (a) and 10.1 (b) as above**				
	Hazel Infra Limited	5,00,00,000	94.91%	-	-
	Vistra ITCL India Limited (on behalf of lenders)	-	-	14,51,04,995	19.67%
	Life Insurance Corporation of India	-	-	5,84,65,899	7.93%

10.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of ₹ 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.

10.4 Promoter & Promoter Group holding as on March 31, 2023 and March 31, 2022 is Nil.

Note - 11

Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
Capital Reserve				
Opening Balance	6,254.96		6,254.96	
Additions during the year	73,490.91		-	
		79,745.87		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		22,791.35	
Additions during the year	-		-	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	(19,92,206.46)		(17,83,566.04)	
Add:- Profit(loss) for the year as per profit or loss statement	17,93,693.07		(2,08,640.42)	
		(1,98,513.39)		(19,92,206.46)
Other Comprehensive Income				
Opening Balance	169.89		169.89	
Add: Movement During the year (net)	-		-	
		169.89		169.89
Total		**54,205.05**		**(18,12,978.93)**

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 22.

Nature and Purpose of Reserves :

Capital Reserve: The increase in capital reserve during the year represents the value of equity capital extinguished based on the resolution plan approved Hon'ble NCLT Ahmedabad bench. (Number of shares extinguished 73,49,09,113 of ₹ 10 each amounting to ₹ 73,490.91 lakhs)

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 12

Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Preference Shares		
(Previous Year: 4,22,45,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up	-	1,342.79
Secured Loans		
From Bank	1,84,000.00	-
Unsecured Loans		
Body Corporates	1,000.00	-
Total	**1,85,000.00**	**1,342.79**

12.1 **Compulsorily Redeemable Preference Shares:.**

i) As per approved resolution plan, the Company extinguished during the year 4,22,45,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each. (Previous year the mentioned CRPS held by Reliance Defence Systems Private Limited)

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

(₹ in Lakhs)

Shares held by	As at March 31, 2023		As at March 31, 2022	
	No of Shares	% Holding	No of Shares	% Holding
Shares at the beginning of the year	4,22,45,764.00	4,224.58	4,22,45,764	4,224.58
Less : cancelled and extinguished	(4,22,45,764.00)	(4,224.58)	-	-
Shares at the end of the year	-	-	**4,22,45,764**	**4,224.58**

** Accounted on Fair Value. Refer note no 30*

12.2 **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.

12.3 As per approved resolution plan, amount payable to secured financial creditors included in non current secured loan above ₹ 1,84,000 lakhs and included in current secured loan of ₹ 20,000 lakhs total amount ₹ 2,04,000 lakhs. Please refer to note 1.

12.4 During the period the Company has taken interest free unsecured loan from Hazel Infra Limited , which is repayable on demand.

12.5 The amount reflected as a secured loan requires an update to the details of charges on the MCA website in accordance with the resolution plan.

Note - 13

Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	43.01	30.75
Total	**43.01**	**30.75**

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 14

Short Term Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Loans		
Banks	20,000.00	-
Unsecured Loans		
Banks	-	-
Body Corporates	-	2,87,284.20
	-	2,87,284.20
Total	**20,000.00**	**2,87,284.20**

14.1 The working capital loans from banks were 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.

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

14.3 As per the approved resolution plan (refer note 1 to the financial statement) the working capital loan stands fully squared up. Since There is no working capital loans outstanding from banks the charge created on these assets needs revocation. The company is in discussion with the bankers to vacate this charge with the help of COC and Resolution Professional.

14.4 During the year while implementing the resolution plan, the amount payable to the bankers as per plan has been shown as secured loan from bank and all the remaining amount is written off.

14.5 The amount reflected as a secured loan requires an update to the details of charges on the MCA website in accordance with the resolution plan.

Note - 15

Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Outstanding due to Micro Enterprises & Small Enterprises	28.29	753.84
Total Outstanding due to Creditors other than Micro Enterprises & Small Enterprises	7,798.33	33,269.10
Total	**7,826.62**	**34,022.94**

15.1 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:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount remaining unpaid	28.29	753.84
Interest due thereon	0.79	1,269.16
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	0.79	1,269.16
Interest remaining due and payable even in succeeding years	0.79	1,269.16

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

15.2 All trade payables are non interest bearing and payable are settled within normal operating cycle of the Company.

15.3 Aging of Trade payables.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total as at March 31,2023
MSME	28.29	-	-	-	28.29
Others	6,309.42	234.85	506.81	747.25	7,798.33
Disputed Dues - MSME	-	-	-	-	-
Disputed Dues - Other	-	-	-	-	-
Total	**6,337.71**	**234.85**	**506.81**	**747.25**	**7,826.62**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total as at March 31,2022
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 - Other	-	-	-	-	-
Total	**4,619.80**	**2,180.14**	**1,409.43**	**25,813.57**	**34,022.94**

During the year the company has written off trade payable amount to ₹ 37,054.14 lakhs to give the impact of approved resolution plan. (Please refer note 1)

Note - 16

Other Current Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Current Maturities of Long Term Debts	803.94	12,45,663.94
Interest accrued and due on borrowings	86.20	5,04,876.12
Creditors for Capital Goods	10.62	3,915.60
Statutory Dues	197.29	704.93
Other Payables *	827.29	10,594.15
Total	**1,925.34**	**17,65,754.74**

16.1 During the year the company has written off long term debts of ₹ 12,44,786.03 lakhs, Interest on borrowings ₹ 6,49,359.39 lakhs and creditors for capital goods of ₹ 3,904.98 lakhs give the impact of approved resolution plan. (Please refer note 1)

16.2 The amount of statutory dues is after write back amounting to ₹ 531.37 lakhs which includes various direct and indirect tax liabilities. The said write back is in accordance with the approved plan dated December 23, 2022 and referring to the Section 31 (1) of IBC as amended on August 5, 2019.

16.3 The amount of other payable is after write back amounting to ₹ 9,505.48 lakhs which includes various liabilities for expense which is no longer payable in accordance with the approved plan dated December 23, 2022 and referring to the Section 31 (1) as amended on August 5, 2019.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

16.4 As per the order issued by the NCLT, the company has established a Provident Fund provision of ₹ 56 lakh. However, no claims have been made against this provision. Additionally, the company has created a corresponding deposit to cover this liability.

Note - 17

Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from Customers	76.70	4,518.84
Total	**76.70**	**4,518.84**

The company has written back advance from customers amounting to ₹ 2,937.28 lakhs which were not claimed by customers during CIRP process.

Note - 18

Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
For Employee Benefits (Refer note no 22.1)		-		289.93
Other Provisions (Refer note no 18.1)	34,265.76		34,265.76	
Less: Estimated Liability for Outstanding Claims	(23,560.72)		(23,560.72)	
Add: Reversal of provision	(10,705.04)		-	
	-		10,705.04	
		-		10,705.04
Total		**-**		**10,994.97**

18.1 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.

(₹ 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, 2022	9,024.62	78.87	1,601.55	-
Changes in provision during the year	(9,024.62)	(78.87)	(1,601.55)	-
Balance as at March 31, 2023	**-**	**-**	**-**	**-**

During the year the company has reversed the provision for Employment amounting to ₹ 277.67 lakhs to give the impact of approved resolution plan. (Please refer note 1)

During the year the company has reversed the provision from the books of ₹ 10,705.04 lakhs since they are not payable as per the plan.

Note - 19

Revenue from Operations

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
Repairs and Fabrication	316.10		632.00	
		316.10		632.00
Total		**316.10**		**632.00**

Refer note no 37 for IND AS 115 - Revenue from Contracts and Customers.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 20

Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income	12.26	21.79
Foreign Exchange Difference (net)	3.01	-
Miscellaneous Income	444.55	1,085.31
Total	**459.82**	**1,107.10**

The rental income (part of other income) of FY 2021-22 includes a provisional income of ₹ 10.00 Lakhs on which GST is not accounted for and paid.

Note - 21

Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Steel Plates and Profiles	0.38	0.60
Equipment and Components	25.34	109.69
Total	**25.72**	**110.29**

Changes in Inventories of Work - in - Progress and Scrap

(₹ in Lakhs)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
At the end of the year			
Scrap		-	-
Work in progress		1,29,409.00	1,68,038.94
	a	**1,29,409.00**	**1,68,038.94**
Less :- At the beginning of the year			
Scrap		-	-
Work in progress		1,68,038.94	1,68,038.94
Provision created during the year		(38,629.94)	**-**
	b	**1,29,409.00**	**1,68,038.94**
Changes in Inventories	(b - a)	**-**	**-**

Note :

During the year management has conducted internal assessment/verification of the Inventories and an amount of ₹ 38,629.94 lakhs has been written off from the Work in Progress also management has conducted physical verification of inventory, and as per the inventory valuation report obtained from an independent valuer, the company has written off the value of Raw material by ₹ 29,431.57 lakhs.

Note - 22

Employee Benefits Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Allowances	306.23	455.41
Contribution to Provident and Other Funds	19.35	24.15
Total	**325.58**	**479.56**

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

22.1 Employee Benefits

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

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Employers Contribution to Provident Fund	11.23	13.42
Employers Contribution to Pension Fund	8.12	10.73
Total	**19.35**	**24.15**

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:

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Defined Benefit Obligation at beginning of the year	74.92	95.95
Current Service Cost	3.10	5.35
Past Service Cost	-	-
Current Interest Cost	3.13	3.17
Actuarial (Gain) / Loss	3.28	(29.55)
Benefits paid / reversed	(60.33)	-
Defined Benefit Obligation at end of the year	24.10	74.92

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

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Fair Value of Plan Assets at the beginning of the year	116.37	105.10
Expected Return on Plan Assets	6.07	4.11
Actuarial Gain / (Loss)	2.49	7.16
Fair Value of the Assets at the end of the year	124.93	116.37

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

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Fair Value of Plan Assets at the end of the year	124.93	116.37
Present Value of Defined Benefit Obligation at end of the year	24.10	74.92
Liabilities / (Assets) recognised in the Balance Sheet	(100.83)	(41.45)

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

iv) Expenses recognised during the year:

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Current & Past Service Cost	3.10	5.35
Past Service Cost	-	-
Interest Cost	3.13	3.17
Expected Return on Plan Assets	(6.07)	(4.11)
Net Cost Recognised in profit or loss	0.16	4.41
Actuarial (Gain) / Loss recognised in other comprehensive income	0.79	(36.71)

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2023, and March 31, 2022, since there is no liability to be reversed in the books of accounts.

v) Assumptions used to determine the defined benefit obligations:

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
Mortality Table (LIC)	IALM (2012-14) Ultimate	
Discount Rate (p.a.)	7.26%	5.22%
Estimated Rate of Return on Plan Asset	7.26%	5.22%
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)	
	2022 - 2023	2021 - 2022
Defined Benefit Obligation - Discount Rate + 100 basis points	(0.72)	(1.40)
Defined Benefit Obligation - Discount Rate - 100 basis points	0.77	1.48
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	0.87	1.87
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(0.81)	(1.81)
Defined Benefit Obligation - Withdrawal Rate + 25% increase	(0.03)	1.30
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	0.01	(2.09)

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 liability is calculated using a discount rate which is determined by reference to market yields 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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

3 **Liquidity Risk:** The present value of the defined plan liability is calculated by reference 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 increase 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 Company 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 Company 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.

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

(₹ in Lakhs)

Particulars	2022 - 2023	2021 - 2022
0 to 1 Year	53.35	53.35
2-5 Years	34.21	40.44
More than 5 Years	16.64	9.12

b) Leave Encashment (Unfunded)

During the FY 2020-21, The Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

Consequently as there is no liability towards the leave encashment actuarial valuation has not been carried out.

As per the actuarial valuation report there is net assets position. However, company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity in note no. 13 will not match with above disclosure.

Note - 23

Finance Costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expenses	1,45,298.78	1,98,420.84
Interest on Lease Liability	1,190.48	1,263.29
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	483.53	172.74
Total	**1,46,972.79**	**1,99,856.87**

23.1 For the Financial Year 2022-23, the Company has recognized finance cost and penal interest on a provisional rate of 13% at simple interest on the basis of the interest rate available in the IDBI sanction letter (being the lead bank) up to December 31, 2022. Interest for the fourth quarter is not recognised as the plan is approved by the NCLT Ahmedabad bench on December 23, 2022.

23.2 Provision for the first three quarter is reversed under exceptional item to give the effect of the approved plan.

Note - 24

Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumables, Stores and Spares	92.50	231.14
Power, Fuel and Water	566.98	498.33
Repairs and Maintenance	160.22	90.99
Labour / Fabrication and Subcontractor Charges	527.97	623.89
Equipment Hire Charges	81.21	5.98
Rent	99.18	14.86

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Testing and Inspection Charges	3.54	5.67
Insurance	423.58	328.71
Rates and Taxes	6.15	0.02
Communication Expenses	5.03	6.55
Travelling, Conveyance and Vehicle Hire Charges	7.12	14.46
Legal and Professional Charges	1,016.58	636.84
Foreign Exchange Difference (net)	-	2.63
Payment to Auditors (refer note 24.1)	32.60	16.30
Advertising, Publicity and Selling Expenses	-	3.86
Loss on Sale/ Discard of Plant, property and equipments (net)	1,805.00	-
Security Expenses	213.67	134.00
Miscellaneous Expenses	11.44	88.33
Total	**5,052.77**	**2,702.56**

Note - 24.1 Payment to Auditors includes:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit Fees	32.60	16.30
Out of pocket expenses	-	-
Certification Charges	-	-
Total	**32.60**	**16.30**

Notes - 25

Exceptional Items

During the internal stock verification process for the quarter ended September 30, 2022, we have noted some discrepancy in aluminium sheets and a general diary has been filed on August 28, 2022 for the same and the impact of loss on the inventory is given in the books of accounts amounting to ₹ 9.93 lakhs as per relevant financial reporting framework.

Details of exceptional item is as follows

Sr no.	Particulars	Amount	Notes Disclosure
1	Gain as per note 1	20,20,852.12	1
2	Fixed Assets Written off	(257.10)	2
3	Fixed Assets Impaired	(20.78)	2
4	Security Deposits written off	(30.26)	5
5	Raw material Inventory written off	(29,431.57)	6
6	Work in progress written off	(38,629.94)	6
7	Cash and Cash Equivalents balance written back	12.11	8
8	GST and Cenvat credit balance written off	(619.63)	9
9	Provision created for advance to vendors	(21,802.67)	9
10	Increase in Lease liability	(283.57)	
11	Increase in Lease assets (Net of depreciation)	57.07	2
12	Advance from customers forfeited	2,937.28	17
13	Other provision reversal	10,705.04	18
14	Other payable and receivables written back / written off	8,853.63	16
15	Statutory dues written back	531.37	16
16	Provision for Contract Receivable in progress	(740.57)	9
	Total	19,52,132.53	
	Amount as per profit and loss account	**19,52,132.53**	

Notes to Restated Standalone Financial Statements
for the year ended March 31, 2023

Prior Period Items

During the period prior period income and expenses were booked amounting to ₹ 69.73 lakhs income and ₹ 352.46 lakhs expenses net off amounting to ₹ 282.72 lakhs expenses and prior period purchases were booked amounting to ₹ 20.63 lakhs.

Note - 26

Earnings Per Share (Basic and Diluted)

(₹ in Lakhs)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Loss attributable to the Equity Shareholders		17,93,693.07	(2,08,640.42)
Amount available for calculation of Basic and Diluted EPS	(a)	**17,93,693.07**	**(2,08,640.42)**
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	26,82,150	73,75,91,263
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	**66,875.20**	**(28.29)**

Note - 27

Contingent Liabilities and Commitments

27.1 Contingent Liabilities:

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

₹ in Lakhs

Sr. No.		Particulars	March 31, 2023	March 31, 2022
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
	(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
		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
		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

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

₹ in Lakhs

Sr. No.	Particulars	March 31, 2023	March 31, 2022
	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.		

Due to the impact of the implemented resolution plan, as detailed in "General Information" under Note 1 and Note 25, the contingent liability is nil, with the exception of other bank guarantees.

Note - 28

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 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 ₹ 15,300 lakhs (Previous Year : ₹ 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 ₹ 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.

Note - 29

Going Concern

The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the financial statement for the period and year ended March 31, 2023 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in "General Information" stated in note 1.

Note - 30

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 Company 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 last working day of the closing period 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 Material 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 Material 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.

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 recognised 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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note - 31

Segment Reporting

The Company 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, 2023, and in respect of assets/liabilities as at March 31, 2023.

I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company 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 includes ₹ 316.12 lakhs (Previous Year: ₹ 632.00 lakhs) from one customer (Previous Year: one customer) having more than 10% of the total revenue

Note - 32

Related Party Disclosures

a) List of Related parties

1	**Subsidiary Companies**	**Status**
	E Complex Private Limited (ECPL) (upto: 04-12-2023)	Resolution Plan Approved on December 4, 2023
	RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)	Under Liquidation
	Reliance Technologies and Systems Private Limited (RTSPL)	Ongoing
	REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)	Under Liquidation
	PDOC Pte. Ltd. (PDOC)	Ongoing
2	**Associates**	
	Conceptia Software Technologies Private Limited	Ongoing
3	**Key Managerial Personnel**	**Position**
	Mr. Madan Pendse (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 Jayasing Morbale (w.e.f.: 14-12-2023)	Whole-time Director
	Mr. Vishant Shetty (w.e.f.: 08-12-2023)	Company Secretary

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Note

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

2 The company's CS resigned on May 28, 2022, and the Erstwhile CFO on May 31, 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 8, 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 30, 2023 due to personal reasons, and The cessation of Mr. Debashis Bir's tenure as Director, effective April 12, 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.

1 Transactions and closing balance with Subsidiary for the year ended March 31 , 2023 (for the period for which relationship exist)

₹ in Lakhs

Nature of transactions	Subsidiary Company		
	ECPL	REDS	Total
Lease Rent	400.95	-	**400.95**
	(393.50)	(-)	**(393.50)**
Infrastructure Facility Charges	1,240.00	-	**1,240.00**
	(1,240.00)	(-)	**(1,240.00)**
Interest Expenses	-	-	**-**
	(617.83)	(-)	**(617.83)**
Security Deposits - Non Current	7,370.00	-	**7,370.00**
	(7,370.00)	(-)	**(7,370.00)**
Borrowings**			
Balance as at March 31, 2023	-	-	**-**
	(5,148.58)	(-)	**(5,148.58)**
Interest Payable**			
Balance as at March 31, 2023	-	-	**-**
	(2,463.66)	(-)	**(2,463.66)**
Corporate Guarantee Given			
Balance as at March 31, 2023	-	-	**-**
	(5,021.65)	(6,961.75)	**(11,983.40)**

Figures in brackets represents previous year's amounts.

(*) Closing balance

2 Transactions and closing balance with Associates for the year ended March 31, 2023 (for the period for which relationship exist)

₹ in Lakhs

Nature of transactions	Associates	
	Conceptia Software Technologies Pvt Ltd	Total
Trade Payables (**)	-	**-**
	(71.49)	**(71.49)**
Non Current Investment		
Balance as at March 31, 2023	153.48	**153.48**
	(153.48)	**(153.48)**

Figures in brackets represents previous year's amounts.

(**) Closing balance

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

3 Transactions and closing balance with Key Managerial Persons for the year ended March 31, 2023 (for the period for which relationship exist)

₹ in Lakhs

Nature of transactions	Key Managerial Persons*	
	Mr. Madan Pendse	Total
Short Term Employee Benefits	2.00	**2.00**
	(19.46)	**(19.46)**

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 above figures.*

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 - 33

Operating Lease

The Company 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:

₹ in Lakhs

Sr. No	Particulars		2022-23	2021-22
1	Amount debited to Statement of Profit and Loss during the year			
	1.1	Interest on Lease liability (Included as part of finance cost)	1,190.48	1,263.29
	1.2	Depreciation on Right of Use Assets (Included as part of Depreciation and amortisation expenses)	1,049.37	1,036.59
2	Maturity analysis of Lease liability			
	i.	Due in first year	799.06	632.57
	ii.	Due in second to fifth year	4,731.72	4,421.83
	iii.	Due after fifth year	3,160.57	4,269.52

Note - 34

Financial Instruments - Evaluation of risks

Due to non availability of required information/ documents, the new management of the company is not in a position to assess fair value hierarchy, evolution on capital management, credit risk, currency risk, and interest risk.

Note - 35

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company'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 Company 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 Company 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 Company'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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

Capital Gearing Ratio

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity	268.22	73,759.13
Retained Earnings	54,205.05	(18,12,978.93)
Total (A)	**54,473.27**	**(17,39,219.80)**
Borrowing		
Non-Current	1,85,000.00	1,342.79
Current	20,803.94	15,32,948.14
Total (B)	**2,05,803.94**	**15,34,290.93**
Capital Gearing Ratio (B/A)	**3.78**	**(0.88)**

Note - 36

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 12 and Note No 14 has been invoked by the banks.

Note - 37

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 - 38

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 granted to promoters, directors, KMPs and related parties.

(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 the statutory period.

(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 property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(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 that the Intermediary shall:

  (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) 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

(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 writing or otherwise) that the Company shall:

  (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 year in the tax assessments under the Income Tax Act, 1961.

(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) Rules, 2017.

(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.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

(m) All the charges of the company as appearing on the MCA portal are in the process of being satisfied /modified to give effect of the approved resolution plan as entered into with the financial creditors.

Note - 39

Ratios

(₹ in Lakhs)

	Particulars	Numerator	Denominator	Ratio for March 2023	Ratio for March 2022	Variance	Explaination for variance above 25%
(a)	Current Ratio	Current Assets	Current Liability	4.630	0.110	(4,109.09)	The ratios are not comparable due to the impact of the implemented resolution plan, refer to 'General Information' in Note 1 and Note 25.
(b)	Debt-Equity Ratio	Total Debt	Total Equity	3.760	(0.170)	2,311.76	
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	5.533	(0.003)	1,84,533.33	
(d)	Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	(2.129)	0.128	1,763.28	
(e)	Inventory turnover ratio	Revenue from Operation	Average Inventory	0.002	0.003	33.33	
(f)	Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	0.13	0.27	51.85	
(g)	Trade payables turnover ratio	Trade purchases	Average Trade payable	0.001	0.003	66.67	The ratios are not comparable due to the impact of the implemented resolution plan, refer to 'General Information' in Note 1 and Note 25.
(h)	Net capital turnover ratio	Revenue from Operation	Working Capital	0.0028	(0.0003)	1033.33	
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	5,674.45	(330.13)	1818.85	
(j)	Return on Capital employed	EBIT	Capital employed	7.48	0.01	(74700)	
(k)	Return on investment	Net return on investment	Cost of investment	-	-	-	

Note - 40

Other

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

The current year's Finance Cost includes ₹ 85.08 lakhs as interest on Interim Funding received during the CIRP Period, it has been treated as CIRP Cost.

The order pronounced on December 23, 2022, by the Ahmedabad bench of the National Company Law Tribunal has approved the Resolution Plan submitted by Hazel Mercantile Limited (the Resolution Applicant) for the corporate insolvency resolution of the Company under Section 31 of the Code. Accordingly an amount of ₹ 5,188.85 lakhs is payable to India Infrastructure Finance Company (UK) Limited. As per the approved plan the amount of liability is capped at ₹ 5,188.85 lakhs however the amount payable would be converted into USD on the date of payment.

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, 2023.

The rental income (part of other income) includes a provisional income of ₹ 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.

The notional finance cost recorded in the Profit and Loss statement from April 1, 2022, to December 23, 2022, has been reversed under recasting gain reported under exceptional items as of December 23, 2022, due to the implementation of the resolution plan.

Other Current Financial Liabilities Include a refundable security deposit of ₹ 500 Lakhs received from the prospective resolution applicant, On January 18, 2023 the same has been repaid.

Notes to Restated Standalone Financial Statements

for the year ended March 31, 2023

RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and Counterparty, a full and final settlement of ₹ 40.15 lakhs was received on February 22, 2023.

Net amount of ₹ 4,211.91 lakhs was payable to various overseas parties. The amount to be paid as per approved resolution plan against these amount is NIL. Hence the same is written back and the company is in process of doing necessary compliance with RBI and FEMA.

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979

Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXM6746

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

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' (CFS)

Insolvency and Bankruptcy Code, 2016 (IBC)

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

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

The impact of resolution plan has been given in the standalone financial statements of the Parent company for the quarter and nine months ended December 31, 2022.

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of Reliance Naval and Engineering Limited (hereinafter referred to as "the Parent Company") and its subsidiaries (Parent Company and its Subsidiaries together referred to as "the Group") which include the Group's share of profit in its associates, which comprises the Consolidated Balance Sheet as at March 31, 2023, 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 then ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, except for the possible effects of matters described in the Basis for Qualified Opinion paragraph below, the aforesaid consolidated financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group and its associates as at March 31, 2024, their consolidated loss (including consolidated other comprehensive loss), their consolidated changes in equity and their consolidated cash flows for the year then ended

Basis for Qualified Opinion

a) We have issued the qualified opinion on the audit of Standalone financial statement (as restated) of the Parent Company for the year ended March 31, 2023, on November 11, 2024. All those bases for qualified opinion have been reconsidered in this audit report on the consolidated financial statement for the year ended March 31, 2023.

b) The Standalone Financial statement of the Parent company for the year ended March 31, 2023 have been prepared on the basis of the trial balance for the period ended March 31, 2023 which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial statement as on March 31, 2023. The recasting Gain/loss booked in the standalone financial statement have the effect from carrying balance of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management of Parent Company has been granted full control of the affairs of the Parent company with effect from January 04, 2024, the new management of Parent Company does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

c) Since the new management has incorporated the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect in accordance with para 10 of SA 510 read with SA 705 (Revised) as the effects of the said matters are material to the financial statements as a whole but not pervasive as per the auditors' professional judgement.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Emphasis of Matter Paragraph

i. We draw your attention to Note 1 and Note 25 of the CFS which states that the new management has decided to give the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence into the financial statement, totalling to ₹ 19,52,132.53 lakhs in the profit & loss account as recasting gain under the exceptional items. The said amount of ₹ 19,52,132.53 lakhs comprise of effect of resolution plan of ₹ 20,20,852.12 lakhs and the other effects of changes in the position of assets and liabilities arising out of reassessment of their existence of ₹ (68,719.59) lakhs.

₹ in Lakhs

Sr no.	Particulars	Amount	Notes Disclosure
1	Gain as per note 1	20,20,852.12	1
2	Fixed Assets Written off	(257.10)	2
3	Fixed Assets Imapired	(20.78)	2
4	Security Deposits written off	(30.26)	5
5	Raw material Inventory written off	(29,431.57)	6
6	Work in progress written off	(38,629.94)	6
7	Cash and Cash Equivalents balance written back	12.11	8
8	GST and Cenvat credit balance written off	(619.63)	9
9	Provision created for advance to vendors	(21,802.67)	9
10	Increase in Lease liability	(283.57)	
11	Increase in Lease assets (Net of depreciation)	57.07	2
12	Advance from customers forfeited	2,937.28	17
13	Other provision reversal	10,705.04	18
14	Other payable and receivables written back / written off	8,853.63	16
15	Statutory dues written back	531.37	16
16	Provision for Contract Receivable in progress	(740.57)	9
	Total	19,52,132.53	
	Amount as per profit and loss account	**19,52,132.53**	

ii. We draw your attention to Note 2 of accompanying CFS which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV of those assets as on March 2022 is ₹ 2,961 lakhs, which has been sold at ₹ 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period amounting to ₹ 1,805 lakhs as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year 2022-23 management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets amounting to ₹ 257.10 lakhs were not physically available which have been written off and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to ₹ 20.78 lakhs have been impaired. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.

iii. We draw your attention to Note 3.4 of accompanying CFS which states that 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.

iv. We draw your attention to Note 3.6, 3.7 & 3.8 of CFS which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous years. Out of the three wholly owned subsidiaries of the company, one of the subsidiary E-Complex Private Limited of which the impairment has been created against the investment in earlier years is still carried in the books of accounts during the year and in respect of the other two wholly owned subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited, impairment has been reversed and considered for write-off from the books of accounts during the year.

Following is the status of Subsidiary and Associate Companies:

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

v. In case of five subsidiaries the financial statements/information for the year ended March 31, 2023 is not available. In absence of the aforesaid financial statements/information, the financial statements/financial information in respect of the aforesaid subsidiaries for the year ended March 31, 2023, have not been included in the consolidated financial statements. Accordingly, we do not report in terms of sub-section (3) of Section 143 (including Rule 11 of the Companies (Audit and Auditors) Rules, 2014) of the Act including report on Other Information insofar to the extent these relate to the aforesaid subsidiary, associate companies and jointly controlled entity. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

vi. We draw your attention to Note 5 of accompanying CFS which states as on December 31, 2022, the Company had given Security Deposit (short-term and long-term) amounting to ₹ 9,343.02 Lakhs. Out of the above security deposit, an amount of ₹ 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.

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

vii. We draw your attention to Note 6.4 of accompanying CFS which states that an amount of ₹ 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of ₹ 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from the Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15, 2020. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

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 the termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after the communication of such decision to the Company.

Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs.

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

viii. We draw your attention to Note 6.6 and 6.7 of accompanying CFS which states that during the year management has not conducted physical verification of inventory, and the same was conducted in FY 2023-24 and as per the inventory valuation report obtained from an independent valuer, the company has written off the value of Raw material by ₹ 29,431.57 lakhs. During the year 2023-24 management has conducted internal assessment/verification of the Inventories and an amount of ₹ 38,629.94 lakhs has been written off from the Work in Progress. Effect of both these write offs is given in financials for the year 2022-23.

ix. We draw your attention to Note 7.3 of accompanying CFS which states that during the year, the company has written off trade receivables amounting to ₹ 79,508.24 lakhs. The writing off has been effected out of the provision created in the earlier years.

x. We draw your attention to Note 9.1 and 9.3 of accompanying CFS which states that Subsidy Receivable for Shipbuilding and Shipbuilding Contract Receivables for amounting to ₹ 7,830.03 lakhs and ₹ 173,219.05 lakhs respectively have been written off. Shipbuilding Contract Receivables for NOPV, CGTS and FPV written off on account of cancellation order by Ministry of Defence for which an earlier provision existed in the books. Please also refer note 6.3, 6.4 and 6.5. The write-off has been created out of the provision created in the earlier years. During the year the company has written off the GST and Cenvat credit amounting to ₹ 619.63 lakhs. Further an additional provision of ₹ 21,802.67 lakhs has been created for advances given to vendors in view of uncertainty of realisability and provision of ₹ 740.57 lakhs has been created for Shipbuilding Contracts Receivables.

xi. We draw your attention to Note 10.1 (a) & (b) of accompanying CFS which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by ₹ 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest ₹ 5,000 lakhs by way of 5 crores equity shares of ₹ 10 each in the company. The infusion of the amount happened on October 27, 2023.

xii. We draw your attention to Note 25 of accompanying CFS which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period prior period income and expenses were booked amounting to ₹ 69.73 lakhs income and prior period purchases were booked amounting to ₹ 20.63 lakhs. Accordingly, the expenses were understated by the management to that extent in previous period.

xiii. We draw your attention to Note 40 of accompanying CFS which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of ₹ 40,15,517 was received on February 22, 2023.

xiv. We draw your attention to Note 40 of accompanying CFS which states notional finance cost recorded in the Profit and Loss statement from April 01, 2022, to December 23, 2022, has been reversed under recasting gain reported under exceptional items as of December 23, 2022, due to the implementation of the resolution plan.

xv. We draw your attention to Note 40 of accompanying CFS which inter-alia states that, as per regulatory compliance, the company is required to conduct an internal audit for F.Y. 2022-23. The internal auditor is not appointed for the period ending March 31, 2023.

xvi. The Company is irregular in payments of Statutory dues and has not filed GST Annual Return for the F.Y. 2018-19, F.Y. 2019-20, F.Y. 2020-21, F.Y. 2021-22 and has not conducted GST Audit for the said period.

Our opinion is not modified in respect of the above-mentioned matters.

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

i. The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and auditors' report thereon. The Directors report is expected to be made available to us after the date of this auditors report.

ii. Our opinion on the CFS does not cover the other information and we do not express any form of assurance conclusion thereon.

iii. In connection with our audit of CFS, our responsibility is to read the other information and, in doing so, consider, whether the other information is materially inconsistent with the CFS or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the CFS

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 CFS that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

iii. The respective Board of Directors of companies included in the Group is responsible for overseeing the financial reporting process of each company.

iv. The Consolidated Financial Statement has been prepared based on the audited Standalone financial statement (as restated) and the available financial statement of subsidiaries and associates for the year ended March 31, 2023.

Auditor's Responsibilities for the Audit of the CFS

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

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 CFS, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 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 CFS 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the CFS, including the disclosures, and whether the CFS represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the CFS that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the CFS 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 CFS.

We communicate with those charged with governance ('TCWG') regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG 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.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the CFS of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

i. The comparative Ind AS financial statement for the year ended March 31, 2022 are included in these CFS, on which predecessor auditor have issued a disclaimer of opinion.

ii. We did not audit the financial statements of one associate whose share of Profit amounting to ₹ 21.06 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 report 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 solely based on the reports of the other auditors.

iii. 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. We have not assessed the impact of the above non compliances on the CFS.

iv. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliance under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations. Furthermore, pursuant to the NCLT order dated December 23, 2022, the company has sought waivers for interest and penalties levied by regulatory authorities for periods preceding the afore mentioned order date.

Our opinion is not modified in respect of the above mentioned matters.

Report on Other Legal and Regulatory Requirements

(A) With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the Consolidated Financial Statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said respective companies.

(B) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained except the matters described in the Basis for Qualified Opinion section of our report, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Except the effects/possible effects of the matters stated in Basis of Qualified opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of changes in Equity and the 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) Subject to the effects/possible effects of the matters stated in Basis of Qualified opinion, in o ur opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

(e) Due to the absence of information, we are unable to comment if the directors during the FY 2022-23 are disqualified as on March 31, 2023, 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 of Parent company as on the date of signing of these CFS which has been taken on record by the Board of Directors of the company and the reports of the statutory auditors of its associate, none of the directors of the Parent company and its associate incorporated in India is disqualified as on the date of signing of these CFS from being appointed as a director in terms of Section 164(2) of the Act.

(f) 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 A'. Our report expresses qualified opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its CFS.

ii. Based on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

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 by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

(h) The company have not declared or paid any dividend during the year and have not proposed final dividend for the year.

(i) Considering that this CFS has been prepared for the year ended March 31, 2023, and accordingly this clause pertaining to audit log will not be applicable for the company.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, no remuneration was paid by the company to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN No.: 24038979BKBNXN3255

Place: Mumbai
Date: November 11, 2024

Annexure A

To the Independent Auditor's Report on the CFS of Reliance Naval and Engineering Limited for the year ended 31 March 2023

(Referred to in Paragraph 2 (A) (f), under 'Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

Qualified Opinion

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company with respect to the matter stated in Basis for Qualified Opinion section of this Annexure 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. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal control over financial reporting and whether such internal control was operating effectively as on March 31, 2023 with respect to the matter stated in Basis for Qualified Opinion section of this Annexure.

Basis for Qualified Opinion

Based on the limited audit procedures performed by us during the course of our audit, material weakness in the controls pertaining to the following matter has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at March 31, 2023:

a) The accompanying CFS of the company for the year ended March 31, 2023 have been prepared on the basis of the trial balance for the period ended March 31, 2023 which includes the effect of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the new management of the Company and the same has been reflected as Recasting Gain/Loss under the exceptional items in the Financial statement as on March 31, 2023. The recasting Gain/loss booked in the financial statement have the effect from carrying balances of assets and liabilities as at March 31, 2020, and in turn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose powers were subsequently suspended during the CRIP, had oversight on the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

b) Since the new management has incorporated the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we could not obtain sufficient and appropriate audit evidences relating to design, implementation and operating effectiveness of internal financial controls pertaining to the opening balances written off under the exceptional item.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 24038979BKBNXN3255

Place: Mumbai
Date: November 11, 2024

Consolidated Balance Sheet

as at March 31, 2023

₹ in Lakhs

Particulars	Note	As at March 31, 2023	As at March 31, 2022
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2	1,16,485.95	1,25,503.74
(b) Right-of-use Assets	2	6,731.77	7,724.07
(c) Capital Work in Progress	2	3,669.00	3,669.00
(d) Intangible Assets	2	–	–
(e) Financial Assets			
(i) Investments	3	404.64	383.58
(f) Deferred Tax Assets (net)	4	–	–
(g) Other Non Current Assets	5	9,343.02	7,630.93
Total Non Current Assets (A)		**1,36,634.38**	**1,44,911.32**
(2) Current Assets			
(a) Inventories	6	1,40,515.47	2,08,632.37
(b) Financial Assets			
(i) Trade Receivables	7	–	81.09
(ii) Cash and Cash Equivalents	8	809.63	2,781.76
(c) Current Tax Assets (net)		24.63	332.81
(d) Other Current Assets	9	558.06	17,544.09
Total Current Assets (B)		**1,41,907.79**	**2,29,372.12**
TOTAL ASSETS (A+B)		**2,78,542.17**	**3,74,283.44**
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	10	268.22	73,759.13
(b) Other Equity	11	54,456.20	(18,12,748.84)
Total Equity (A)		**54,724.42**	**(17,38,989.71)**
(2) Liabilities			
2.1 Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	1,85,000.00	1,342.79
(ii) Lease Liability		8,137.03	8,691.34
(b) Provisions	13	43.01	30.75
Total Non Current Liabilities (B)		**1,93,180.04**	**10,064.88**
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	20,000.00	2,87,284.20
(ii) Lease Liability		809.05	632.57
(iii) Trade Payables	15		
Total outstanding dues of micro and small enterprises		28.29	753.84
Total outstanding dues of creditors other than micro and small enterprises		7,798.33	33,269.10
(iv) Other Financial Liabilities	16	1,925.34	17,65,754.74
(b) Other Current Liabilities	17	76.70	4,518.85
(c) Provisions	18	–	10,994.97
Total Non Current Liabilities (C)		**30,637.71**	**21,03,208.27**
TOTAL EQUITY AND LIABILITIES (A+B+C)		**2,78,542.17**	**3,74,283.44**
Material Accounting Policies	1		
Notes forming part of Consolidated Financial Statements	2 to 40		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXN3255

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

₹ in Lakhs

	Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	19	316.10	632.00
II	Other Income	20	459.82	1,107.10
III	Total Income (I + II)		**775.92**	**1,739.10**
IV	**Expenses**			
(a)	Cost of Materials Consumed	21	25.72	110.29
(b)	Cost of Raw Material Sold		–	–
(c)	Changes in Inventories of Work in Progress & Scrap	21	–	–
(d)	Employee Benefits Expenses	22	325.58	479.56
(e)	Finance Costs	23	1,46,972.79	1,99,856.87
(f)	Depreciation and Amortisation Expenses	2	6,828.59	7,395.91
(g)	Other Expenses	24	5,052.77	2,702.56
Total Expenses (IV)			**1,59,205.45**	**2,10,545.19**
V	**Profit / (Loss) before Exceptional Items and Tax (III – IV)**		**(1,58,429.53)**	**(2,08,806.09)**
VI	**Exceptional Items**	25		
	Reversal of impairment for the debtor (Indian Navy – Refit)		–	165.67
	Loss of Inventory		(9.93)	–
	Recasting Gain		19,52,132.53	
VII	**Profit / (Loss) Before Tax (V – VI)**		**17,93,693.07**	**(2,08,640.42)**
VIII	**Tax Expense**			
	– Current Tax		–	–
	– Deferred Tax Credit/ (Reversal)	4	–	–
	– Income Tax for Earlier Years		–	–
IX	**Profit / (Loss) after tax (VII – VIII)**		**17,93,693.07**	**(2,08,640.42)**
X	**Add: – Consolidated share in the profits of associate**		21.06	44.91
XI	Loss after tax for the year (IX + X)		**17,93,714.13**	**(2,08,595.51)**
X	**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		–	–
	Income tax relating to items that will not be reclassified to profit or loss		–	–
	Total Other Comprehensive Income for the year (X)		–	–
XI	**Total Comprehensive Income for the year (IX + X)**		**17,93,714.13**	**(2,08,595.51)**
XII	**Earnings per Equity Share of ₹ 10 each**	26		
	– Basic (In ₹)		66,875.98	(28.28)
	– Diluted (In ₹)		66,875.98	(28.28)
Material Accounting Policies		1		
Notes forming part of Consolidated Financial Statements		2 to 40		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXN3255

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

A Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
	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
Changes in equity share capital during the year				
Issue of equity shares during the year	–	–	–	–
Equity Shares Cancelled	(73,49,09,113)	(73,490.91)		
Equity Shares at the end of the year	**26,82,150**	**268.22**	**73,75,91,263**	**73,759.13**

B Other Equity

₹ 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, 2021	**6,254.96**	**1,50,011.33**	**22,791.35**	**(17,83,380.86)**	**169.89**	**(16,04,153.33)**
Add/(Less):						
Profit / (Loss) for the year	–	–	–	(2,08,595.51)	–	(2,08,595.51)
Other Comprehensive Income	–	–	–	–	–	–
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)**
As at April 01, 2022	**6,254.96**	**1,50,011.33**	**22,791.35**	**(19,91,976.37)**	**169.89**	**(18,12,748.84)**
Add/(Less):						
Profit / (Loss) Loss for the year	–	–	–	17,93,714.13	–	17,93,714.13
Change in equity structure	73,490.91	–	–			73,490.91
Other Comprehensive Income	–	–	–	–	–	–
	73,490.91	–	–	**17,93,714.13**	–	**18,67,205.04**
As at March 31, 2023	**79,745.87**	**1,50,011.33**	**22,791.35**	**(1,98,262.24)**	**169.89**	**54,456.20**

Material Accounting Policies Note 1

Notes forming part of Consolidated Financial Statements Note 2 to 40

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXN3255

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Consolidated Cash Flow Statement

for year ended March 31, 2023

₹ in Lakhs

	Particulars	2022 – 2023	2021 – 2022
A	**Cash Flow from Operating Activities**		
	Profit / (Loss) before Tax and associate profit	1,7,93,693.07	(2,08,640.42)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,828.59	7,395.91
	Interest Income	(12.26)	(21.79)
	Loss on Sale of Plant, property and equipments (net)	1,805.00	–
	Finance Costs	1,46,972.79	1,99,856.87
	RoU recalculation Fixed asset Impairment and W/off	220.81	–
	Operating cash flow before working capital changes	**1,9,49,508.00**	**(1,409.43)**
	Movement in Working Capital		
	(Increase) / Decrease in Inventories	68,116.90	256.36
	(Increase) /Decrease Trade and Other Receivables	15,355.03	(310.51)
	Increase in / (Decrease) Trade and Other Payables	(1,8,90,455.40)	2,02,176.91
	Cash Used in Operations	**1,42,524.53**	**2,00,713.33**
	Income Taxes (Paid) / Refund	308.18	13.74
	Net Cash from Operating Activities	**1,42,832.71**	**2,00,727.07**
B	**Cash Flow from Investing Activities**		
	Sale of Property, Plant and Equipment and Capital Work in Progress	1,155.69	–
	FD kept with bank	–	212.77
	Interest Received	12.26	21.79
	Net Cash from Investing Activities	**1,167.95**	**234.56**
C	**Cash Flow from Financing Activities**		
	Finance Costs	(1,46,972.79)	(1,99,857.87)
	Borrowings (From Hazel Infra Ltd)	1,000.00	–
	Net Cash used in Financing Activities	**(1,45,972.79)**	**(1,99,857.87)**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,972.13)**	**1,103.76**
	Cash and Cash Equivalents at the beginning of the year	2,781.76	1,678.00
	Cash and Cash Equivalents at the end of the year (refer note 8)	809.63	2,781.76

Material Accounting Policies Note 1

Notes forming part of Consolidated Financial Statements Note 2 to 40

Notes :

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXN3255

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 1

Statement of Material Accounting Policies

General Information

The consolidated financial statements comprise standalone financial statements ("as restated")of Reliance Naval and Engineering Limited ("RNEL" or "the Company") and its subsidiaries and asoociates for the year ended March 31, 2023. RNEL is a company 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 Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the 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 one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

On September 4, 2018, IDBI Bank in its capacity of financial creditor filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company"). The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5, 2020. The powers of the Board of Directors of the Company stand suspended with effect from January 15, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended in accordance with the provisions of the approved resolution plan. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has therefore concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL shall be carried out by the Monitoring Committee until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its MC 3rd meeting dated January 31, 2023.

In line with the approved resolution plan, the Successful Resolution Applicant ("SRA") deposited upfront payment tranches on October 27, 2023, and the same has been received in the designated bank account of the Company. By January 4, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4, 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.

These consolidated financial statement of March 31, 2023 are prepared to incorporate the effects of the resolution plan approved by Hon'ble NCLT Ahmedabad bench date December 23, 2022, and also for giving the effect of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company. M/s. Pipara & Co LLP resigned on October 12, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18, 2024.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

<table>
<tr><th>Sr no.</th><th>Particulars as per plan</th><th>Particulars as per financials</th><th>Approved amount as per the Resolution Plan</th><th>Reduction of Liability as per NCLT order</th><th>Disclosure</th></tr>
<tr><td>1</td><td rowspan="4">Financial Creditors</td><td>Compulsorily Redeemable Preference Shares</td><td rowspan="4">2,04,000.00</td><td rowspan="4">19,78,969.48</td><td rowspan="6">The amount of gain has been shown as recasting gain under the head exceptional item in profit and loss account.</td></tr>
<tr><td>2</td><td>Unsecured Loans</td></tr>
<tr><td>3</td><td>Current Maturities of Long Term Debts</td></tr>
<tr><td>4</td><td>Interest accrued and due on borrowings</td></tr>
<tr><td colspan="3">Total</td><td>2,04,000.00</td><td>19,78,969.48</td></tr>
<tr><td>5</td><td>Operational Creditors</td><td>Trade Payables</td><td>157.00</td><td>40,959.12</td></tr>
<tr><td>6</td><td>Employees</td><td>Salaries Payable includes all statutory liability related to employees</td><td>151.00</td><td>929.52</td><td></td></tr>
<tr><td>7</td><td>Other Debts and Dues</td><td>Other Debts and Dues</td><td>65.00</td><td>–</td><td>“Being ascertained.”</td></tr>
<tr><td colspan="3">Grand Total</td><td>2,04,373.00</td><td>20,20,852.12</td><td></td></tr>
</table>

Business Revival and continuity plan

The new management of the company is revitalizing the business through a comprehensive approach that strategically targets key market segments and establishes a clear roadmap to secure a competitive edge by focusing on 5 key levers:

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

Material Accounting Policies

This note provides a list of the Material accounting policies adopted in the preparation of these consolidated 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. 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 Functional and Presentation Currency:

Items included in the 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 (₹), which is the functional currency for the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

1.4 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 Company 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 Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company 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 Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised 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 recognised 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.

1.5 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

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

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.

1.6 Other Material Accounting Policies:

I Property, Plant and Equipments:

i. The Company has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Company 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 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.

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 / 33
SAP/ Technical Know How	10
Vehicles & excavator	8 / 15
Toilet Block	7
Computers and accessories	2 to 6
Office equipments	2 to 6
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. Material 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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 consolidated 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 Company 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 Company, 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 Company 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 Company 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 Company uses incremental borrowing rate. For short-term and low value leases, the Company 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 Company 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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.

Financial Assets:

i Classification:

The Company 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 Company 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Financial Liabilities:

i Classification:

The Company 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 Consolidated 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 Consolidated Statement of Profit and Loss.

vi Derivative Financial Instrument and Hedge Accounting:

The Company 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 subsequently re-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 Company 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 Company'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 Company, 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 expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

iii. Other long-term employee benefits:

The Company'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.

XII Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in Consolidated 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 Company:

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 Company 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 Company 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 Company 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 Company 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 Company;

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 2

A Property, Plant and Equipments

₹ in Lakhs

	Depreciation of Assets	Owned Assets						Leased Assets		Intangible Assets	Total
		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 2,022	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 on account of recalculation of Right-of-use Assets	–	–	–	–	–	–	248.85	–	–	248.85
	Deductions	376.17	22,139.06	384.86	681.42	435.17	24,016.68	–	–	9,996.02	34,012.70
	As at March 31, 2023	**49,833.41**	**4,91,790.20**	**505.91**	**339.97**	**203.02**	**5,42,672.51**	**11,082.69**	**48,448.78**	**734.29**	**6,02,938.27**
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01 2,022	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
	Additions during the year	1,257.43	4,199.13	0.76	1.68	14.41	5,473.41	1,049.37	305.81	–	6,828.59
	Additions during the year on account of recalculation of Right-of-use Assets							191.78			191.78
	Deductions	118.83	11,863.78	358.53	630.19	338.09	13,309.42	–	–	547.34	13,856.76
	As at March 31, 2023	**19,406.96**	**1,09,409.89**	**355.11**	**222.57**	**188.93**	**1,29,583.46**	**4,350.92**	**16,917.36**	**369.90**	**1,51,221.64**
b	**Impairment**										
	As at April 01 2,022	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	–	20.74	0.18	–	(0.14)	20.78	–	–		20.78
	Deductions	104.26	7,268.35	25.46	38.84	52.94	7,489.85	–	–	9,448.68	16,938.53
	As at March 31, 2023	**7,897.39**	**2,94,872.51**	**127.80**	**104.17**	**2.51**	**3,03,004.38**	**–**	**25,129.76**	**364.39**	**3,28,498.53**
III	**Net Carrying Amount as at 31.03.2,023**	**22,529.06**	**87,507.80**	**23.00**	**13.23**	**11.58**	**1,10,084.67**	**6,731.77**	**6,401.66**	**–**	**1,23,218.10**
Previous Financial Year											
I	**Gross Carrying Amount**										
	As at April 01 2,021	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**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

	Depreciation of Assets	Owned Assets						Leased Assets		Intangible Assets	Total
		Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*	
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01 2,021	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 2,021	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 31.03.2,022**	**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**

* Other than Internally Generated.

Notes-

1 During the year scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 31, 2022 is ₹ 2,961 lakhs, and the sale value is ₹ 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to ₹ 1,805 lakhs during the year ended as per the relevant financial reporting framework.

2 There was a large-scale damage to Property, Plant and Equipment due to cyclone Tauktae which hit the Company premises during May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per assessment report from a reputed valuer.

3 During the year management has not conducted physcial verification of fixed assests. However, the verification was carried out by new management in FY 2023-24 and assets which were not physcially availbale amounting to ₹ 257.10 Lakhs has been written off and assets which were beyond economic repaires and damages due to the cyclone as mentioned in note 2 amounting to ₹ 20.78 lakhs has been impaired.

4 In accordance with IND AS 36, the company has conducted impairment testing as mentioned in note 3 based on the criteria established by the standard. The primary reasons for this are the Company's non-operational status during the CIRP period and the impact of the cyclone in May 2021, as mentioned in note 2 above.

(₹ in Lakhs)

B	**Capital Work in Progress**	**2022 - 2023**	**2021 - 2022**
		3,669.00	3,669.00

1 All the fixed assets of the Company are either mortagaged or hyphothecated against the secured borrowings of the Company as detailed in note no. 12 and 14 to the financial statements.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

1.1 Capital Work in Progress includes:

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
– Assets under construction and installation	4,48,172.82	4,48,172.82
– Preoperative expenses	–	–
– Impairment	(4,44,503.82)	(4,44,503.82)
– Reversal of Impairment during the year	4,44,503.82	–
– Written off during the year	(4,44,503.82)	–
– Preoperative expenses	–	–
Total	**3,669.00**	**3,669.00**

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

₹ in Lakhs

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

During the year, the Company has written off Capital-Work-in Progress (CWIP) amounting to ₹ 444,503.82 lakhs. The write-off has been created out of the provision created in the earlier years.

Note - 3

Investments

₹ in Lakhs

Particulars	% of holding	Face Value	Numbers		As at March 31 2023	As at March 31 2022
			31-Mar-23	31-Mar-22		
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)	100.00%	₹ 10	21,7,09,327	21,7,09,327	1,896.73	1,896.73
RMOL Engineering and Offshore Limited *(formerly Reliance Marine and Offshore Limited)*	100.00%	₹ 10	–	50,000	–	5.00
REDS Marine Services Limited *(formerly Reliance Engineering and Defence Services Limited)*	100.00%	₹ 10	–	50,000	–	5.00
Reliance Technologies and Systems Private Limited	100.00%	₹ 10	10,000	10,000	1.00	1.00
PDOC Pte. Limited *(Incorporated and place of business at Singapore)*	100.00%	SGD 1	25,000	25,000	11.74	11.74
					1,909.47	**1,919.47**
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	404.64	383.58
					404.64	**383.58**
In Equity Shares of Other Company						
Reliance Underwater Systems Limited *(formerly Reliance Lighter than Air Systems Private Limited)*	50.00%	₹ 10	1,40,000	1,40,000	**14.00**	**14.00**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

₹ in Lakhs

Particulars	% of holding	Face Value	Numbers		As at March 31 2023	As at March 31 2022
			31-Mar-23	31-Mar-22		
In Government and Other Securities						
6 years National Savings Certificate					0.05	0.05
(Deposited with Sales Tax Department)					**0.05**	**0.05**
Less – Impairment of Investments					1,923.52	1,933.52
Total					**404.64**	**383.58**

3.1 Refer note no. 1(6)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	404.64	-	383.58	-
Total	**404.64**	**-**	**383.58**	**-**

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company. However the amount of investment in E Complex Pvt Ltd has been fully impaired.

3.4 The Company has impaired investments 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 Material 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 As per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31, 2023. There are five subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the Company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr no.	Name of the Company	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
6	Conceptia Software Technologies Private Limited	Associate	Active

3.7 E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4, 2023 which has been set aside by NCLAT by its order dated July 25, 2024. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4, 2023 which has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 4

Deferred Tax Liabilities/(Assets) (Net)

4.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the year ended March 31, 2023 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 Company has not recognised net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as evidences.

Note - 5

Other Non Current Assets

(Unsecured and considered good)

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits with		
Related Parties (Refer note no. 32)	7,370.00	7,370.00
Others	1,973.02	260.93
Total	**9,343.02**	**7,630.93**

Due to non avilability of details, company has written off deposits amounting to ₹ 30.26 lakhs. During the year, classificaiton of deposit amounting to ₹ 1,742.35 lakhs has been reclassified from current to non current.

As on March 31, 2023, the Company had given Security Deposit (short-term and long-term) amounting to ₹ 9,343.02 Lakhs. Out of the above security deposit, an amount of ₹ 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04th, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with Court against certain legal ongoing cases are subject to the outcome of the said cases.

Note - 6

Inventories

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
Raw Materials	39,849.62		39,862.69	
Raw Materials Written off During the period	(29,431.57)		-	
		10,418.05		39,862.69
Work in Progress	1,68,038.94		1,68,038.94	
Work in Progress Written off During the period	(38,629.94)		-	
		1,29,409.00		1,68,038.94
Stores and Spares		688.42		730.74
Total		1,40,515.47		2,08,632.37

6.1 Refer note no. 1.6(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. 12 and 14 to the financial statements.

6.3 An amount of ₹ 1,20,216.55 lakhs is included in Work in Progress. This amount represents the reliasable value of vessels NOPV, CGTS and FPV created on cancellation of orders from customers.

6.4 The amount of ₹ 1,73,219.05 lakhs were shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of ₹ 1,73,219.05 lakhs representing various contracts is not

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice received from Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15, 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 had offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in 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.

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

6.5 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.

6.6 During the year management has not conducted physcial verification of inventory. However, the verification was carried out by new management in FY 2023-24. However on the basis of the inventory valuation report obtained from an independent valuer, the company has written off the value of Raw material by ₹ 29,431.57 lakhs.

6.7 During the year management has conducted internal assessment/verification of the Inventories and an amount of ₹ 38,629.94 lakhs has been writtenoff from the Work in Progess.

Note - 7

Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
Trade Receivables Considered Good – Unsecured (Less than 180 days)		–		8.39
Trade Receivables Considered Good – Unsecured (More than 180 days)	700.07		772.77	
Trade Receivables Credit Impaired	79,508.24		79,508.24	
	80,208.31		**80,281.01**	
Less: Provision for Credit Impaired	(80,208.31)		(80,208.31)	
Add: Provision for Credit Impaired reversed	**79,508.24**		–	
Less: Trade Receivables Written off	**(79,508.24)**		–	
		–		72.70
Total		**–**		**81.09**

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

7.2 Aging of Trade receivable.

₹ in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months – 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables – considered good	–	–	–	–	–	–
Undisputed Trade Receivables – Considered Doubtful	–	–	–	–	700.07	700.07
Provision	–	–	–	–	(700.07)	(700.07)
Disputed Trade Receivables considered good	–	–	–	–	–	–
Disputed Trade Receivables considered doubtful	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months – 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables – considered good	8.39	72.70	–	–	–	81.09
Undisputed Trade Receivables – Considered Doubtful	–	–	–	–	80,208.31	80,208.31
Provision	–	–	–	–	(80,208.31)	(80,208.31)
Disputed Trade Receivables considered good	–	–	–	–		
Disputed Trade Receivables considered doubtful	–	–	–	–		
Total	**8.39**	**72.70**	**–**	**–**	**–**	**81.09**

7.3 During the year, the company has written off trade receivables amounting to ₹ 79,508.24 lakhs. The write-off has been created out of the provision created in the earlier years.

Note - 8

Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks in Current Accounts	809.54	2,781.63
Cash on hand	0.09	0.13
Total	**809.63**	**2,781.76**

During the year while reconciling the balance with various bank the company has identified a net positive differnece of ₹ 12.10 lakhs in various bank accounts. The same has been appropriatly adjusted in respective balances of the bank accounts.

Note - 9

Other Current Assets
(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
Security Deposits		–		1,742.35
Prepaid Expenses		69.34		371.51
Goods and Service Tax / Cenvat / VAT recoverable		367.09		948.35
Receivables pertaining to other income		22.58		76.38
Advance against purchase of material / services and capital goods	32,191.02	–	23,954.23	
Less : Advance against purchase of material / services and capital goods Impaired	(10,289.30)		(10,289.30)	
Less : Advance against purchase of material / services and capital goods Impaired during the year(Refer Note 9.3)	(21,802.67)		–	
		99.05		13,664.93
Shipbuilding Contracts Receivables	1,73,959.62		1,73,959.62	
Less: Shipbuilding Contracts Receivables – Impaired	(1,73,219.05)		(1,73,219.05)	
Add: Shipbuilding Contracts Receivables – Impaired Reversal	1,73,219.05		–	
Add: Shipbuilding Contracts Receivables – Impaired	(740.57)			
Less: Shipbuilding Contracts Receivables – Written off	(1,73,219.05)		–	
		-		740.57
Subsidy Receivable For Shipbuilding	7,830.03		7,830.03	
Less: Subsidy Receivable For Shipbuilding Impaired	(7,830.03)		(7,830.03)	
Add: Subsidy Receivable For Shipbuilding Impaired Reversal	7,830.03		–	
Less: Subsidy Receivable For Shipbuilding Written off	(7,830.03)		–	
		–		–
Total		**558.06**		**17,544.09**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

9.1 Subsidy Receivable For Shipbuilding and Shipbuilding Contract Receivables for amounting to ₹ 7,830.03 and ₹ 173,219.05 lakhs respectively has been written off. Shipbuilding Contract Receivables for NOPV, CGTS and FPV written off on account of cancellation order by Ministry of Defence for which an ealier provision exitsed in the books. Please also refer note 6.3, 6.4 and 6.5. The write-off has been created out of the provision created in the earlier years.

9.2 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.

9.3 During the year the company has written off the GST and Cenvat credit amounting to ₹ 619.63 lakhs. Further an additional provision of ₹ 21,802.67 lakhs has been created for advances given to vendors in view of uncertainity of realisability. And provision of ₹ 740.57 lakhs has been created for Shipbuilding Contracts Receivables.

Note - 10

Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/ – each	11,00,000.00	11,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/ – each	4,00,000.00	4,00,000.00
	15,00,000.00	**15,00,000.00**
Issued, Subscribed and fully paid up		
26,82,150 (Previous Year: 737,591,263) Equity Shares of ₹ 10/ – each fully paid up	268.22	73,759.13
Total	**268.22**	**73,759.13**

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

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
	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
Less : equity shares cancelled (refer note a and b below)	(73,49,09,113)	(73,490.91)	-	-
Equity Shares at the end of the year	**26,82,150**	**268.22**	**73,75,91,263**	**73,759.13**

a The Number of equity share in the company stands reduced based on approved resolution plan by Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in reduction of equity capital by ₹ 73,490.91 lakhs.

b As per the approved resolution plan, Hazel Infra Limited was to invest ₹ 5,000 lakhs by way of 5 crores equity share of ₹ 10 each in the company. The infusion of the amount happened on 27th October 2023.

10.2 Shareholders holding more than 5% Shares in the Company:

Shares held by	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% Holding	No. of Shares	% Holding
a) **Position of Holding before infusion of Equity by Hazel Infra Limited**				
Vistra ITCL India Limited (on behalf of lenders)	5,27,655	19.67%	14,51,04,995	19.67%
Life Insurance Corporation of India	2,12,603	7.93%	5,84,65,899	7.93%
b) **Position of Holding post infusion of Equity by Hazel Infra Limited on October 27, 2023. Also refer note 10.1 (a) and 10.1 (b) as above**				
Hazel Infra Limited	5,00,00,000	94.91%	–	–
Vistra ITCL India Limited (on behalf of lenders)	–	–	14,51,04,995	19.67%
Life Insurance Corporation of India	–	–	5,84,65,899	7.93%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

10.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of ₹ 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.

10.4 Promoter & Promoter Group holding as on March 31, 2023 and March 31, 2022 is NIL.

Note - 11

Other Equity

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
Capital Reserve				
Opening Balance	6,254.96		6,254.96	
Additions during the year	73,490.91		–	
		79,745.87		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		22,791.35	
Additions during the year	–		–	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	(19,91,976.37)		(17,83,380.86)	
Add: – Profit(loss) for the year as per profit or loss statement	17,93,714.13		(2,08,595.51)	
		(1,98,262.24)		(19,91,976.37)
Other Comprehensive Income				
Opening Balance	169.89		169.89	
Add: Movement During the year (net)	–		–	
		169.89		169.89
Total		**54,456.20**		**(18,12,748.84)**

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 22.

Nature and Purpose of Reserves :

Capital Reserve: The increase in capital reserve during the year represents the value of equity capital extinguished based on the resolution plan apporved Hon'ble NCLT Ahemdabad bench. (Number of shares extinguished 734,909,113 of ₹ 10 each amounting to ₹ 73,490.91 lakhs)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 12

Borrowings

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Preference Shares		
(Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/ – each fully paid up	–	1,342.79
Secured Loans		
From Bank	1,84,000.00	–
Unsecured Loans		
Body Corporates	1,000.00	–
Total	**1,85,000.00**	**1,342.79**

12.1 Compulsorily Redeemable Preference Shares:

i) As per approved resolution plan, the company extinguished during the year 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each. (Previous year the mentioned CRPS held by Reliance Defence Systems Private Limited)

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

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
	No of Shares	Amount	No of Shares	Amount
Shares at the beginning of the year	42,2,45,764.00	4,224.58	42,2,45,764	4,224.58
Less : cancelled and extinguished	(42,2,45,764.00)	(4,224.58)	–	–
Shares at the end of the year	**–**	**–**	**42,2,45,764**	**4,224.58**

** Accounted on Fair Value. Refer note no 30*

12.2 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.

12.3 As per approved resolution plan, amount payable to secured financial creditors included in non current secured loan above ₹ 184,000 lakhs and included in current secured loan of ₹ 20,000 lakhs total amount ₹ 204,000 lakhs. Please refer to note 1.

12.4 During the period the company has taken interest free unsecured loan from Hazel Infra Limited , which is repayable on demand.

12.5 The amount reflected as a secured loan requires an update to the details of charges on the MCA website in accordance with the resolution plan.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 13

Provisions

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	43.01	30.75
Total	**43.01**	**30.75**

Note - 14

Short Term Borrowings

₹ in Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
Secured Loans				
Banks		20,000.00		–
Unsecured Loans				
Banks	–		–	
Body Corporates	–		2,87,284.20	
		–		2,87,284.20
Total		**20,000.00**		**2,87,284.20**

14.1 The working capital loans from banks were 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.

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

14.3 As per the approved resolution plan (refer note 1 to the consolidated financial statement) the working capital loan stands fully squared up. Since There is no working capital loans outstanding from banks the charge created on these assets needs revocation. The company is in discussion with the bankers to vacate this charge with the help of COC and Resolution Professional.

14.4 During the year while implimenting the resolution plan, the amount payable to the bankers as per plan has been shown as secured loan from bank and all the reamining amount is written off.

14.5 The amount reflected as a secured loan requires an update to the details of charges on the MCA website in accordance with the resolution plan.

Note - 15

Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total Outstanding due to Micro Enterprises & Small Enterprises	28.29	753.84
Total Outstanding due to Creditors other than Micro Enterprises & Small Enterprises	7,798.33	33,269.10
Total	**7,826.62**	**34,022.94**

15.1 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:

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount remaining unpaid	28.29	753.84
Interest due thereon	0.79	1,269.16
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	0.79	1,269.16
Interest remaining due and payable even in succeeding years	0.79	1,269.16

15.2 All trade payables are non interest bearing and payable are settled within normal operating cycle of the Company.

15.3 Aging of Trade payables.

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2023
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	28.29	–	–	–	28.29
Others	6,309.42	234.85	506.81	747.25	7,798.33
Disputed Dues – MSME	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	–
Total	**6,337.71**	**234.85**	**506.81**	**747.25**	**7,826.62**

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2023
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
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**

During the year the company has written off trade payable amount to ₹ 37,054.14 lakhs to give the impact of approved resolution plan. (Please refer note 1)

Note - 16

Other Current Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Current Maturities of Long Term Debts	803.94	1,2,45,663.94
Interest accrued and due on borrowings	86.20	5,04,876.12
Creditors for Capital Goods	10.62	3,915.60
Statutory Dues	197.29	704.93
Other Payables *	827.29	10,594.15
Total	**1,925.34**	**1,7,65,754.74**

16.1 During the year the company has written off long term debts of ₹ 12,44,786.03 lakhs, Interest on borrowings ₹ 6,49,359.39 lakhs and creditors for capital goods of ₹ 3,904.98 lakhs give the impact of approved resolution plan. (Please refer note 1)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16.2 The amount of statutory dues is after write back amounting to ₹ 531.37 lakhs which includes various direct and indirect tax liabilities. The said write back is in accordance with the approved plan dated December 23, 2022 and referring to the Section 31 (1) of IBC as amended on August 5, 2019.

16.3 The amount of other payable is after write back amounting to ₹ 9,505.48 lakhs which includes various liabilities for expense which is no longer payable in accordance with the approved plan dated December 23, 2022 and referring to the Section 31 (1) as amended on August 5 2019.

16.4 As per the order issued by the NCLT, the company has established a Provident Fund provision of ₹ 56 lakh. However, no claims have been made against this provision. Additionally, the company has created a corresponding deposit to cover this liability.

Note - 17

Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31 2023	As at March 31 2022
Advances from Customers	76.70	4,518.84
Total	**76.70**	**4,518.84**

The company has written back advance from customers amounting to ₹ 2,937.28 lakhs which were not claimed by customers during CIRP process.

Note - 18

Current Provisions

₹ in Lakhs

Particulars	As at March 31 2023		As at March 31 2022	
For Employee Benefits (Refer note no 22.1)		–		289.93
Other Provisions (Refer note no 18.1)	34,265.76		34,265.76	
Less: Estimated Liability for Outstanding Claims	(23,560.72)		(23,560.72)	
Add: Reversal of provision	(10,705.04)		–	
	–		**10,705.04**	
		–		**10,705.04**
Total		**–**		**10,994.97**

18.1 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.

₹ 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, 2022	9,024.62	78.87	1,601.55	–
Changes in provision during the year	(9,024.62)	(78.87)	(1,601.55)	–
Balance as at March 31, 2023	**–**	**–**	**–**	**–**

During the year the company has reversed the provision for Employeement amounting to ₹ 277.67 lakhs to give the impact of approved resolution plan. (Please refer note 1)

During the year the company has reversed the provision from the books of ₹ 10,705.04 lakhs since they are not payable as per the plan.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 19

Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
Repairs and Fabrication	316.10		632.00	
		316.10		632.00
Total		**316.10**		**632.00**

Refer note no 37 for IND AS 115 - Revenue from Contracts and Customers.

Note - 20

Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income	12.26	21.79
Foreign Exchange Difference (net)	3.01	–
Miscellaneous Income	444.55	1,085.31
Total	**459.82**	**1,107.10**

The rental income (part of other income) of FY 2021-22 includes a provisional income of ₹ 10.00 Lakhs on which GST is not accounted for and paid.

Note - 21

Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Steel Plates and Profiles	0.38	0.60
Equipment and Components	25.34	109.69
Total	**25.72**	**110.29**

Changes in Inventories of Work - in - Progress and Scrap

₹ in Lakhs

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
At the end of the year			
Scrap		–	–
Work in progress		1,29,409.00	1,68,038.94
	a	**1,29,409.00**	**1,68,038.94**
Less : – At the beginning of the year			
Scrap		–	–
Work in progress		1,68,038.94	1,68,038.94
Provision created during the year		(38,629.94)	
	b	**1,29,409.00**	**1,68,038.94**
Changes in Inventories	(b – a)	**-**	**-**

Note :

During the year management has conducted internal assessment/verification of the Inventories and an amount of ₹ 38,629.94 lakhs has been written off from the Work in Progess also management has conducted physcial verification of inventory, and as per the inventory valuation report obtained from an independent valuer, the company has written off the value of Raw material by ₹ 29,431.57 lakhs.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 22

Employee Benefits Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Allowances	306.23	455.41
Contribution to Provident and Other Funds	19.35	24.15
Total	**325.58**	**479.56**

22.1 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

₹ in Lakhs

Particulars	March 31, 2023	March 31, 2022
Employers Contribution to Provident Fund	11.23	13.42
Employers Contribution to Pension Fund	8.12	10.73
Total	**19.35**	**24.15**

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:

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
Defined Benefit Obligation at beginning of the year	74.92	95.95
Current Service Cost	3.10	5.35
Past Service Cost	–	–
Current Interest Cost	3.13	3.17
Actuarial (Gain) / Loss	3.28	(29.55)
Benefits paid / reversed	(60.33)	–
Defined Benefit Obligation at end of the year	24.10	74.92

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

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
Fair Value of Plan Assets at the beginning of the year	116.37	105.10
Expected Return on Plan Assets	6.07	4.11
Actuarial Gain / (Loss)	2.49	7.16
Fair Value of the Assets at the end of the year	124.93	116.37

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

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
Fair Value of Plan Assets at the end of the year	124.93	116.37
Present Value of Defined Benefit Obligation at end of the year	24.10	74.92
Liabilities / (Assets) recognised in the Balance Sheet	(100.83)	(41.45)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

iv) Expenses recognised during the year:

₹ in Lakhs

Particulars	2022 – 2,023	2021 – 2022
Current & Past Service Cost	3.10	5.35
Past Service Cost	–	–
Interest Cost	3.13	3.17
Expected Return on Plan Assets	(6.07)	(4.11)
Net Cost Recognised in profit or loss	0.16	4.41
Actuarial (Gain) / Loss recognised in other comprehensive income	0.79	(36.71)

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31, 2023, and March 31, 2022, since there is no liability to be reversed in the books of accounts.

v) Assumptions used to determine the defined benefit obligations:

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
Mortality Table (LIC)	IALM (2012-14) Ultimate	
Discount Rate (p.a.)	7.26%	5.22%
Estimated Rate of Return on Plan Asset	7.26%	5.22%
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)	
	2022 – 2023	2021 – 2022
Defined Benefit Obligation – Discount Rate + 100 basis points	(0.72)	(1.40)
Defined Benefit Obligation – Discount Rate – 100 basis points	0.77	1.48
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	0.87	1.87
Defined Benefit Obligation – Salary Escalation Rate – 100 basis points	(0.81)	(1.81)
Defined Benefit Obligation – Withdrawal Rate + 25% increase	(0.03)	1.30
Defined Benefit Obligation – Withdrawal Rate – 25% decrease	0.01	(2.09)

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 Company 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 Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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.

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

₹ in Lakhs

Particulars	2022 – 2023	2021 – 2022
0 to 1 Year	53.35	53.35
2-5 Years	34.21	40.44
More than 5 Years	16.64	9.12

b) Leave Encashment (Unfunded)

During the FY 2020-21, The Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

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

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 in note no. 13 will not match with above disclosure.

Note - 23

Finance Costs

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expenses	1,45,298.78	1,98,420.84
Interest on Lease Liability	1,190.48	1,263.29
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	483.53	172.74
Total	**1,46,972.79**	**1,99,856.87**

23.1 For the Financial Year 2022-23, the Company has recognized finance cost and penal interest on a provisional rate of 13% at simple interest on the basis of the interest rate available in the IDBI sanction letter (being the lead bank) up to December 31, 2022. Interest for the foruth quarter is not recognised as the plan is approved by the NCLT Ahemdabad bench on December 23, 2022.

23.2 Provision for the first three quarter is reversed under exceptional item to give the effect of the approved plan.

Note - 24

Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumables, Stores and Spares	92.50	231.14
Power, Fuel and Water	566.98	498.33
Repairs and Maintenance	160.22	90.99
Labour / Fabrication and Subcontractor Charges	527.97	623.89
Equipment Hire Charges	81.21	5.98
Rent	99.18	14.86
Testing and Inspection Charges	3.54	5.67
Insurance	423.58	328.71
Rates and Taxes	6.15	0.02
Communication Expenses	5.03	6.55

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Travelling, Conveyance and Vehicle Hire Charges	7.12	14.46
Legal and Professional Charges	1,016.58	636.84
Foreign Exchange Difference (net)	–	2.63
Payment to Auditors (refer note 24.1)	32.60	16.30
Advertising, Publicity and Selling Expenses	–	3.86
Loss on Sale/ Discard of Plant, property and equipments (net)	1,805.00	–
Security Expenses	213.67	134.00
Miscellaneous Expenses	11.44	88.33
Total	**5,052.77**	**2,702.56**

24.1 Payment to Auditors includes:

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit Fees	32.60	16.30
Out of pocket expenses	-	-
Certification Charges	-	-
Total	**32.60**	**16.30**

Note - 25

Exceptional Items

During the internal stock verification process for the quarter ended September 30, 2022, we have noted some discrepancy in aluminium sheets and a general diary has been filed on August 28, 2022 for the same and the impact of loss on the inventory is given in the books of accounts amounting to ₹ 9.93 lakhs as per relevant financial reporting framework.

Details of exceptional item is as follows

Sr. no.	Particulars	Amount	Notes Disclosure
1	Gain as per note 1	20,20,852.12	1
2	Fixed Assets Written off	(257.10)	2
3	Fixed Assets Imapired	(20.78)	2
4	Security Deposits written off	(30.26)	5
5	Raw material Inventory written off	(29,431.57)	6
6	Work in progress written off	(38,629.94)	6
7	Cash and Cash Equivalents balance written back	12.11	8
8	GST and Cenvat credit balance written off	(619.63)	9
9	Provision created for advance to vendors	(21,802.67)	9
10	Increase in Lease liability	(283.57)	
11	Increase in Lease assets (Net of depreciation)	57.07	2
12	Advance from cutomers forfeited	2,937.28	17
13	Other provision reversal	10,705.04	18
14	Other payable and receivables written back / written off	8,853.63	16
15	Statutory dues written back	531.37	16
16	Provision for Contract Receivable in progress	(740.57)	9
	Total	**19,52,132.53**	
	Amount as per profit and loss account	**19,52,132.53**	

Prior Period Items

During the period prior period income and expenses were booked amounting to ₹ 69.73 lakhs income and ₹ 352.46 lakhs expenses net off amounting to ₹ 282.72 lakhs expenses and prior period purchases were booked amounting to ₹ 20.63 lakhs.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 26

Earnings Per Share (Basic and Diluted)

₹ in Lakhs

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Loss attributable to the Equity Shareholders		17,93,714.13	(2,08,595.51)
Amount available for calculation of Basic and Diluted EPS	(a)	**17,93,714.13**	**(2,08,595.51)**
Weighted Average No. of Equity Shares outstanding for Basic and Dilued EPS	(b)	26,82,150	73,75,91,263
Basic and Diluted Earnings per share of ₹ 10/ – each (in ₹)	(a) / (b)	**66,875.98**	**(28.28)**

Note - 27

Contingent Liabilities and Commitments

27.1 Contingent Liabilities:

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

₹ in Lakhs

Sr. No.		Particulars	2022 – 2023	2021 – 2022
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
		(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
		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
		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
		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.		

Due to the impact of the implemented resolution plan, as detailed in "General Information" under Note 1 and Note 25, the contingent liability is nil, with the exception of other bank guarantees.

Note - 28

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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 ₹ 15,300 lakhs (Previous Year : ₹ 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 ₹ 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.

Note - 29

Going Concern

The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the financial statement for the period and year ended March 31, 2023 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in “General Information” stated in note 1.

Note - 30

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 Company 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 last working day of the closing period 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 Material 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 Material 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.

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 recognised 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..

Note - 31

Segment Reporting

The Company 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, 2023, and in respect of assets/liabilities as at March 31, 2023.

I The risk - return profile of the Company’s business is determined predominantly by the nature of its products. The Company 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 includes ₹ 316.12 lakhs (Previous Year: ₹ 632.00 lakhs) from one customer (Previous Year: one customer) having more than 10% of the total revenue

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 32

Related Party Disclosures

a) List of Related parties

1	**Subsidiary Companies**	**Status**
	E Complex Private Limited (*ECPL*) (upto: 04-12-2023)	Resolution Plan Approved on December 4, 2023
	RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)	Under Liquidation
	Reliance Technologies and Systems Private Limited (*RTSPL*)	Ongoing
	REDS Marine Services Limited *(Formerly Reliance Engineering and Defence Services Ltd) (REDS)*	Under Liquidation
	PDOC Pte. Ltd. (*PDOC*)	Ongoing
2	**Associates**	
	Conceptia Software Technologies Private Limited	Ongoing
3	**Key Managerial Personnel**	**Position**
	Mr. Madan Pendse (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 Jayasing 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 8, 2023, and has been redesignated as Chairman & Managing Director w.e.f February 13, 2024, at the board meeting held on February 13, 2024.

2 The company's CS resigned on May 28, 2022, and the Erstwhile CFO on May 31, 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 8, 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 30, 2023 due to personal reasons, and The cessation of Mr. Debashis Bir's tenure as Director, effective April 12, 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

for the year ended March 31, 2023

1 Transactions and closing balance with Subsidairy for the year ended March 31, 2023 (for the period for which relationship exist

₹ in Lakhs

Nature of transactions	ECPL	REDS	Total
Lease Rent	400.95	–	**400.95**
	(393.50)	(-)	**(393.50)**
Infrastructure Facility Charges	1,240.00	–	**1,240.00**
	(1,240.00)	(-)	**(1,240.00)**
Interest Expenses	–	–	**–**
	(617.83)	(-)	**(617.83)**
Security Deposits – Non Current	7,370.00	–	**7,370.00**
	(7,370.00)	(-)	**(7,370.00)**
Borrowings (*)	–	–	–
Balance as at March 31,2023	(5,148.58)	(-)	**(5,148.58)**
Interest Payable (*)	–	–	**–**
Balance as at March 31, 2023	(2,463.66)	(-)	**(2,463.66)**
Corporate Guarantee Given	–	–	**–**
Balance as at March 31, 2023	(5,021.65)	(6,961.75)	**(11,983.40)**

Figures in brackets represents previous year's amounts.

(**) Closing balance

2 Transactions and closing balance with Associates for the year ended March 31, 2023 (for the period for which relationship exist)

₹ in Lakhs

Nature of transactions	Associates	
	Conceptia Software Technologies Pvt Ltd	Total
Trade Payables (**)	–	**–**
	(71.49)	**(71.49)**
Non Current Investment		
Balance as at March 31, 2023	153.48	**153.48**
	(153.48)	**(153.48)**

Figures in brackets represents previous year's amounts.

(*) Closing balance

3 Transactions and closing balance with Key Managerial Persons for the year ended March 31, 2023 (for the period for which relationship exist)

₹ in Lakhs

Nature of transactions	Key Managerial Persons*	
	Mr. Madan Pendse	Total
Short Term Employee Benefits	2.00	**2.00**
	(19.46)	**(19.46)**

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 above figures.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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 - 33

Operating Lease

The Company 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:

₹ in Lakhs

Sr. No.	Particulars		2022 – 2023	2021 – 2022
1	Amount debited to Statement of Profit and Loss during the year			
	1.1	Interest on Lease liability (Included as part of finance cost)	1,190.48	1,263.29
	1.2	Depreciation on Right of Use Assets (Included as part of Depreciation and amortisation expenses)	1,049.37	1,036.59
2	Maturity analysis of Lease liability			
	i	Due in first year	799.06	632.57
	ii	Due in second to fifth year	4,731.72	4,421.83
	iii	Due after fifth year	3,160.57	4,269.52

Note - 34

Financial Instruments - Evaluation of risks

Due to non availability of required information / documents, the new management of the company is not in a position to assess fair value hierarchy, evolution on capital management, credit risk, currency risk, and interest risk.

Note - 35

Capital Management

For the purpose of the Company’s capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company’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 Company 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 Company 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 Company’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.

Capital Gearing Ratio

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity	268.22	73,759.13
Retained Earnings	54,456.20	(18,12,748.84)
Total (A)	**54,724.42**	**(17,38,989.71)**
Borrowing		
Non-Current	1,85,000.00	1,342.79
Current	20,803.94	15,32,948.14
Total (B)	**2,05,803.94**	**15,34,290.93**
Capital Gearing Ratio (B/A)	**3.76**	**(0.88)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 36

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 12 and Note No 14 has been invoked by the banks.

Note - 37

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 - 38

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 granted to promoters, directors, KMPs and related parties.

(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 the statutory period.

(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 property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(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 that the Intermediary shall:

   (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 writing or otherwise) that the Company shall:

   (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 have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(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) Rules, 2017.

(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) All the charges of the company as appearing on the MCA portal are in the process of being satisfied /modified to give effect of the approved resolution plan as entered into with the financial creditors.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 39

(₹ in Lakhs)

	Particulars	Numerator	Denominator	Ratio for March 2023	Ratio for March 2022	Variance	Explaination for variance above 25%
(a)	Current Ratio	Current Assets	Current Liability	4.630	0.110	(4,109.09)	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(b)	Debt-Equity Ratio	Total Debt	Total Equity	3.750	(0.170)	2,305.88	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	5.533	(0.003)	1,84,533.33	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(d)	Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	(2.130)	0.128	1,764.06	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(e)	Inventory turnover ratio	Revenue from Operation	Average Inventory	0.002	0.003	33.33	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(f)	Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	0.13	0.27	51.85	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(g)	Trade payables turnover ratio	Trade purchases	Average Trade payable	0.001	0.003	66.67	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(h)	Net capital turnover ratio	Revenue from Operation	Working Capital	0.0028	(0.0003)	1,033.33	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	5,674.51	(330.06)	1,819.24	Due to impact of the Resolution plan given on 23 December, 2022. Please refer note no. 1
(j)	Return on Capital employed	EBIT	Capital employed	7.47	0.01	(74,600.00)	Due to impact of the Resolution plan give on 23rd December 2022. Please refer note no. 1
(k)	Return on investment	Net return on investment	Cost of investment	-	-	-	

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Note - 40

Other

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

The current year's Finance Cost includes ₹ 85.08 lakhs as interest on Interim Funding received during the CIRP Period, it has been treated as CIRP Cost.

The order pronounced on December 23, 2022, by the Ahmedabad bench of the National Company Law Tribunal has approved the Resolution Plan submitted by Hazel Mercantile Limited (the Resolution Applicant) for the corporate insolvency resolution of the Company under Section 31 of the Code. Accordingly an amount of ₹ 5,188.85 lakhs is payable to India Infrastructure Finance Company (UK) Limited. As per the approved plan the amout of liability is capped at ₹ 5,188.85 lakhs however the amount payable would be coverted into USD on the date of payment.

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, 2023.

The rental income (part of other income) includes a provisional income of ₹ 10 lakhs pertaining to FY 2021-22 on which GST is not accounted for and paid.

The notional finance cost recorded in the Profit and Loss statement from April 1, 2022, to December 23, 2023, has been reversed under recasting gain reported under exceptional items as of December 23, 2023, due to the implementation of the resolution plan.

Other Current Financial Liabilities Include a refundable security deposit of ₹ 500 Lakhs received from the prospective resolution applicant, On January 18, 2023 the same has been repaid.

RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and Counterparty, a full and final settlement of ₹ 40.15 lakhs was received on February 22, 2023.

Net amount of ₹ 4,211.91 lakhs was payable to various overseas parties. The amount to be paid as per approved resolution plan against these amount is NIL. Hence the same is written back and the company is in proceess of doing necessary compalince with RBI and FEMA.

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : November 11, 2024
UDIN: 24038979BKBNXN3255

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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Mr. Paresh Merchant
Director
DIN : 00660027

Mr. Rishi Chopra
Chief Financial Officer

Mr. Vishant Shetty
Company Secretary

Place : Mumbai
Date : November 11, 2024

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