

Independent Auditor’s Report

To

The Board of Directors of Reliance Naval and Engineering Limited
Report on the audit of Consolidated Financial Results (“CFR”)

1. 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 5th May, 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

2. Qualified Opinion

We have audited the accompanying consolidated financial results 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”) and its associates for the quarter and the year ended March 31, 2023 (“the statement”) attached herewith, being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).

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 audited financial statements/financial information of subsidiaries and associates, except for the effects of the matter(s) described in the ‘Basis of Qualified Opinion’ section below of our report, the aforesaid CFR

a. Includes the results of the following one associate

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



- b. is presented in accordance with the requirements of Regulation 33 of 'the Listing Regulations and
- c. give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable Ind-AS and other accounting principles generally accepted in India, of consolidated net profit, total comprehensive profit (comprising of net profit and other comprehensive profit) and other financial information of the Group for the quarter and year ended March 31, 2023.

3. Basis for Qualified Opinion

- a. The accompanying Consolidated Financial results 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, the impact of audit qualifications, 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 management of the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

As per SA 510, para 10, read with SA 705(Revised) as applicable, when an auditor is unable to obtain the sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since the new management has incorporated the impact of audit qualifications, impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect.

- b. As per Regulation 33(3)(b) of the of the SEBI LODR Regulation, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the management of the company is not in a position to provide the consolidated financial result as the subsidiaries of the company are separate legal entities, also currently few subsidiaries' companies are under the CIRP Process, and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. The management has obtained the information with respect to one associate company, and the Company has prepared



Consolidated Financial results based on best available information incorporating only Conceptia Software Technologies Private Limited, which is its associate company. Accordingly, Company has not complied with the SEBI LODR to extent of consolidation of the results of its subsidiaries.

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 CFR' 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 CFR.

4. Management's Responsibilities for the CFR

These quarterly as well as the year-to-date CFR have been prepared on the basis of the consolidated annual financial statements. The Parent Company's Board of Directors are responsible with respect to the preparation of these CFR that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective 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 of the assets of the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFR that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the CFR by the Directors of the Parent Company, as aforesaid.

In preparing the CFR, the respective Board of Directors of the 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

5. Auditor's Responsibilities for the Audit of the CFR



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

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

- i- Identify and assess the risks of material misstatement of the CFR, 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.
- ii- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- iv- Conclude on the appropriateness of the Board of Directors 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 CFR 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.
- v- Evaluate the overall presentation, structure and content of the CFR, including the disclosures, and whether the CFR represent the underlying transactions and events in a manner that achieves fair presentation.
- vi- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the CFR. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the CFR of which we are the independent auditors. For the other entities included in the CFR, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



We communicate with those charged with governance ("TCWG") of the Parent Company and such other entities included in the CFR of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those 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.

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

Emphasis of Matter Paragraph

6. We draw your attention to Note 6 of the Statement which states that the new management has decided to implement the resolution Plan approved under corporate insolvency resolution process by Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad vide its Order dated December 23, 2022. Pursuant to the Order, the new management gave the impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained of the Company into the financial results, totalling to INR 19,52,132.53 lakhs in the profit & loss account as recasting gain under the exceptional items. The said amount of INR 19,52,132.53 lakhs comprises of effect of resolution plan of INR 20,20,852.12 lakhs and the other effects of changes in the position of assets and liabilities arising out of reassessment of their existence of INR (68,719.59) lakhs. We also draw your attention to the same note wherein previously impaired assets were written off during the year of INR 7,05,071.14 lakhs and have no impact on recasting gain.
7. We draw your attention to Note 8 of the Statement which states that the amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from Ministry of Defence, the Company replied to the notice and filed a writ petition along with a stay application before the Delhi High Court on February 15, 2020.

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 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.

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

Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of Company	Nature of Entity	Status
1.	E Complex Private Limited	Subsidiary	Resolution Plan Approved on December 04, 2023 which has been set aside by NCLAT by its order dated July 25, 2024
2.	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

9. We draw your attention to Note 23 of the Statement that as per Regulation 33(3)(b) of the SEBI LODR Regulation, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the management of the company is not in a position to provide the consolidated financial result as the subsidiaries of the company are separate legal entities, also currently few subsidiaries' companies are under the CIRP Process, and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. The management has obtained the information with respect to one associate company, and the Company has prepared Consolidated Financial results based on best available information incorporating only Conceptia Software Technologies Private Limited, which is its associate company. Accordingly, Company has not complied with the SEBI LODR to extent of consolidation of the results of its subsidiaries.



10. We draw your attention to Note 15 of the Statement which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May, 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of INR 40,15,517 was received on February 22nd 2023.
11. We draw your attention to Note 16 of the Statement which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May, 2021, the WDV value of those assets as on March, 2022 is INR 2,961 lakhs, which has been sold at INR 1,156 lakhs to Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period amounting to INR 1,805 lakhs as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.
12. We draw your attention to Note 17 of the Statement which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. Accordingly, the expenses were understated by the management to that extent in previous period.
13. We draw your attention to Note 18 of the Statement which state that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defence sector as evidence.
14. We draw your attention to Note 19 of the Statement which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27th, 2023.
15. We draw your attention to Note 21 of the Statement which states notional finance cost recorded in the Profit and Loss statement from April 1st, 2022, to December 23rd, 2022, has been



reversed under recasting gain reported under exceptional items as of December 23rd, 2022, due to the implementation of the resolution plan.

16. We draw your attention to Note 22 of the Statement which states As on December 31st, 2022, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04th, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25th, 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.

17. The Company is irregular in payments of Statutory dues and has not filed GST Annual Return for the F.Y. 2018-19, 2019-20, F.Y. 2020-2021, F.Y. 2021-2022 and has not conducted GST Audit for the said period.
18. **Going Concern Assessment**
We draw your attention to Note 7 of accompanying unaudited standalone financial results ("as restated") which states the unaudited standalone financial results have been prepared on a going concern basis since the new management has been granted full control of the affairs of the company with effect from January 4th, 2024.

Other Matters

- i. We did not audit the financial statements of one associate whose share of Profit amounting to INR 3 lakhs & INR 21 lakhs for the quarter and year ended March 31, 2023, respectively, as considered in the consolidated financial results. These financial results have been audited by other auditors whose reports have been furnished to us by the Board of Directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on the reports of the other auditor.
- ii. Due to non-payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.
- iii. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliance under the Companies Act,



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2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations.

- iv. Attention is drawn to the fact that the figures for the quarter ended March 31, 2023 as reported in the CFR are the balancing figures in respect of the year ended March 31, 2023 and published year to date figures up to the end of the third quarter of the relevant financial year. The figures up to the end of the third quarter are only reviewed and not subjected to audit as required by Listing Regulations.

Our opinion on the statement is not modified in respect of these matter.

For N. N. Jambusaria & CO.

Chartered Accountants

Firm Reg. No: 104030W

N. N. Jambusaria



Nimesh N. Jambusaria

Partner

Mem. No. 038979

UDIN: 24038979BKBNWY5792

Place: Mumbai

Date: November 11, 2024

Reliance Naval and Engineering Limited

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Statement of Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2023

INR in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Audited	Unaudited	Unaudited	Audited	Audited
1	Revenue from Operations	-	40	79	316	632
2	Other Income	16	70	440	460	1,107
3	Total Income (1+2)	16	110	519	776	1,739
4	Expenses					
(a)	Cost of Materials Consumed	3	1	6	26	110
(b)	Cost of Raw Material Sold	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-
(d)	Employee Benefits Expenses	69	85	97	326	480
(e)	Labour/Fabrication and Subcontractor Charges	126	187	130	528	624
(f)	Power, Fuel and Water	121	170	170	567	498
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-
(j)	Other Expenses	159	950	587	3,957	1,581
	Total Expenses	478	1,393	990	5,404	3,293
5	Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)	(462)	(1,283)	(471)	(4,628)	(1,554)
6	Finance Costs	389	46,484	49,257	1,46,973	1,99,857
7	Depreciation and Amortisation Expenses	1,691	1,717	1,826	6,829	7,396
8	Profit / (Loss) Before Exceptional Items (5-6-7)	(2,542)	(49,494)	(51,554)	(1,58,430)	(2,08,807)
9	Exceptional Items (Refer Note 6)	-	19,52,133	-	19,52,123	166
10	Profit / (Loss) before Tax (8+9)	(2,542)	19,02,649	(51,554)	17,93,693	(2,08,641)
11	Income Tax for Earlier Years	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-
13	Profit / (Loss) After Tax (10+11+12)	(2,542)	19,02,649	(51,554)	17,93,693	(2,08,641)
14	Other Comprehensive Income					
	Items that will not to be reclassified to profit and loss in the subsequent year					
(i)	Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-
(ii)	Add:- Consolidated share in the profit/(loss) of associate	3	(11)	(10)	21	45
	Total Other Comprehensive Income for the period/year	3	(11)	(10)	21	45
15	Total Comprehensive Income for the period/year (13+14)	(2,539)	19,02,638	(51,564)	17,93,714	(2,08,596)
16	Paid-up Equity Share Capital (Face Value of INR 10 Each)	268.22	268.22	73,759	268.22	73,759
17	Other Equity	-	-	-	54,456	(18,12,749)
18	Earnings Per Share (EPS) (* Not Annualised)					
(a)	Basic EPS (INR)	₹ (94.66)	* 70,935.72	* (6.99)	66,874.73	(28.28)
(b)	Diluted EPS (INR)	₹ (94.66)	* 70,935.72	* (6.99)	66,874.73	(28.28)



Consolidated Statement of Assets and Liabilities		INR in Lakhs	
Particulars		As at March 31, 2023	As at March 31, 2022
		Audited	Audited
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment		1,16,486	1,25,504
(b) Right-of-use Assets		6,732	7,724
(c) Capital Work in Progress		3,669	3,669
(d) Intangible Assets		-	-
(e) Financial Assets			
(i) Investments		404	383
(f) Deferred Tax Assets (net)		-	-
(g) Other Non Current Assets		9,343	7,631
Total Non Current Assets (A)		1,36,634	1,44,911
(2) Current Assets			
(a) Inventories		1,40,515	2,08,632
(b) Financial Assets			
(i) Trade Receivables		-	81
(ii) Cash and Cash Equivalents		810	2,782
(c) Current Tax Assets (net)		25	333
(d) Other Current Assets		558	17,544
Total Non Current Assets (B)		1,41,908	2,29,372
TOTAL ASSETS (A+B)		2,78,542	3,74,283
II EQUITY AND LIABILITIES			
(1) (a) Equity Share Capital			
(a) Equity Share Capital		268	73,759
(b) Other Equity		54,456	(18,12,749)
Total Equity (A)		54,724	(17,38,990)
(2) Liabilities			
2.1 Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		1,85,000	1,343
(ii) Lease Liability		8,137	8,691
(b) Provisions		43	31
Total Non Current Liabilities (B)		1,93,180	10,065
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		20,000	2,87,284
(ii) Lease Liability		809	633
(iii) Trade Payables			
Total outstanding dues of micro and small enterprises		28	754
Total outstanding dues of creditors other than micro and small enterprises		7,798	33,269
(iv) Other Financial Liabilities		1,925	17,65,755
(b) Other Current Liabilities		77	4,518
(c) Provisions		1	10,995
Total Non Current Liabilities (C)		30,638	21,03,208
TOTAL EQUITY AND LIABILITIES (A+B+C)		2,78,542	3,74,283



Consolidated Cash Flow Statement

INR in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
A Cash Flow from Operating Activities		
Profit / (Loss) before Tax and associate profit	17,93,693	(2,08,640)
Adjustments for :-	-	-
Depreciation and Amortisation Expenses	6,828	7,396
Interest Income	(12)	(22)
Loss on Sale of Plant, property and equipments (net)	1,805	-
Finance Costs	1,46,973	1,99,857
	221	-
Operating cash flow before working capital changes	19,49,508	(1,409)
Movement in Working Capital	-	-
(Increase) / Decrease in Inventories	68,117	256
(Increase) / Decrease Trade and Other Receivables	15,355	(311)
Increase in / (Decrease) Trade and Other Payables	(18,90,455)	2,02,177
Cash Used in Operations	1,42,525	2,00,713
Direct Taxes (Paid) / Refund	308	14
Net Cash from Operating Activities	1,42,833	2,00,727
B Cash Flow from Investing Activities		
Sale of Property, Plant and Equipment and Capital Work in Progress	1,156	-
FD kept with bank	-	213
Interest Received	12	22
Net Cash from Investing Activities	1168	235
C Cash Flow from Financing Activities		
Finance Costs	(1,46,973)	(1,99,858)
Borrowings (From Hazel Infra Ltd)	1,000	-
Net Cash used in Financing Activities	(1,45,973)	(1,99,858)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,972)	1,104
Cash and Cash Equivalents at the beginning of the year	2782	1678
Cash and Cash Equivalents at the end of the year	810	2,782

Notes :

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



Background of the Company

1. The consolidated financial results comprise the audited standalone financial results ("as restated") of Reliance Naval and Engineering Limited ("RNEL" or "the Company") its subsidiaries and associates for the period ended March 31st, 2023.
2. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Uchhaiya, Via- Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).
The Company is mainly engaged in the construction of vessels, repairs, and refits of ships and rigs, and heavy engineering. RNEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the license and contract to build Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The Shipyard has the only modular shipbuilding facility in India with the capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has an annual capacity of 144,000 tons/year. The shipyard has a pre-erection berth of 980 meters in length and 40 meters in width and one Goliath crane with a lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.
3. On September 4th, 2018, IDBI Bank in its capacity of financial creditor filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against the Company. The NCLT, vide its order dated January 15th, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code and appointed Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13th, 2020, the Committee of Creditors (the "CoC") has replaced IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 5th, 2020. The powers of the Board of Directors of the Company were suspended with effect from January 15th, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended till the end of the previous period, i.e. December 31st, 2022. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23rd, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its 3rd MC meeting dated January 31st, 2023.
In line with the approved resolution plan, the Successful Resolution Applicant ("SRA") deposited upfront payment tranches on October 27th, 2023, and the same has been received in the designated bank account of the Company. By January 4th, 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 4th, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company. The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.



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

4. The comparative consolidated figures of December 31st, 2022 as appearing in these financials based on financials of quarter ended December 31st, 2022 which were prepared to incorporate the effects of the resolution plan approved by Hon'ble NCLT Ahmedabad bench date December 23rd, 2022, and also to give the effect of changes in the position of assets and liabilities arising out of the reassessment of their existence as ascertained by the current management of the Company. M/s. Pipara & Co LLP resigned on October 12th, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18th, 2024.

Business Revival and Continuity Plan

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



Restatement of consolidated financial results.

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

INR in lakhs

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

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

INR in lakhs

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



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

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

Going Concern

7. The new management has been granted full control of the affairs of the company with effect from January 4th, 2024, the consolidated financial statement for the period and year ended March 31st, 2023 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 3.

Legal Cases

8. The amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15th, 2020.
- The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17th, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to the termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after the communication of such decision to the Company.
- Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31st, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs.
- RP has filed I.A. in NCLT against the cancellation of the order. Pending the final decision by NCLT and the MOD which is due for hearing, the Company has conservatively decided to write off the same.

9. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private



Limited is completed as per the NCLT order dated December 4th, 2023 which has been set aside by NCLAT by its order dated July 25th, 2024. Investment of the company in its subsidiary has been impaired during the previous year.

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

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

Other

11. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
12. The Finance Cost includes INR 85.08 lakhs as interest on Interim Funding received during the CIRP Period which is treated as CIRP Cost.
13. The consolidated figures for the quarter ended March 31st, 2023, are the balancing consolidated figures between the unaudited consolidated figure in respect of the nine-month consolidated financial and year-to-date audited consolidated financial results for the year ended March 31st, 2023. The consolidated figures for the previous periods and for the year ended March 31st, 2022, have been restated and regrouped to make them comparable with those of the current year.
14. Other Current Financial Liabilities Include a refundable security deposit of INR 5,00,00,000/- received from the prospective resolution applicant, On January 18th, 2023 the same has been repaid.
15. RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and the Counterparty, a full and final settlement of INR 40,15,517/- was received on February 22nd, 2023.
16. During the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is INR 2,961 lakhs, and the sale value is INR 1,156 lakhs and the buyer is Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to INR 1,805 lakhs during the quarter ended June 30th, 2022 as per relevant financial reporting framework. There was a large-scale damage to Property, Plant, and Equipment due to cyclone Tauktae which hit the Company premises in May 2021. All the relevant damaged assets have been either written off or impaired or devalued as per an assessment report from a reputed valuer. During the year management has not conducted physical verification of fixed assets. However, the verification was carried out by new management in FY 2023-24 and assets that were not physically available amounting to INR 257.10 lakhs have been written off during the period and assets that were beyond economic repairs and damages due to the cyclone as mentioned above amounting to INR 20.78 lakhs has been impaired during the period. In accordance with IND AS 36, the company has conducted impairment testing as mentioned above based on the criteria established by



the standard. The primary reasons for this are the company's non-operational status during the CIRP period and the impact of the cyclone in May 2021.

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

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

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

21. The notional finance cost recorded in the Profit and Loss statement from April 1st, 2022, to December 23rd, 2022, has been reversed under recasting gain reported under exceptional items as of December 23rd, 2022, due to the implementation of the resolution plan.
22. As on March 31st, 2023, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04th, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25th, 2024. The



COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.

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

23. As per the applicable accounting framework the entity shall also submit consolidated financial results for the period ending March 31st, 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	Status
1	E Complex Private Limited	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	Under Liquidation
3	REDS Marine Services Limited	Under Liquidation
4	PDOC Pte. Limited	Active
5	Reliance Technologies and Systems Private Limited	Active

24. As per regulatory compliance, the company is required to appoint and conduct an internal audit for FY 2022-23. The internal auditor is not appointed for the period ending March 31st, 2023.
25. During the internal stock verification process for the quarter that ended September 30th, 2022, we noted some discrepancies in aluminum sheets, and a general diary was filed on August 28th, 2022 for the same and the impact of loss on the inventory is given in the books of accounts amounting to INR 9.93 lakhs as per relevant financial reporting framework.

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



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



Independent Auditor's Report

To

The Board of Directors of Reliance Naval and Engineering Limited
Report on the audit of Standalone Financials Results ("as restated") ("SFR")

1. **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

2. **Qualified Opinion**

We have audited the accompanying standalone financial results (as restated) of Reliance Naval and Engineering Limited ("the Company"), for the quarter and year ended March 31, 2023 ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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, the aforesaid SFR

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,



- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2023.

3. Basis for Qualified Opinion

The 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, the impact of audit qualifications, 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 management of the affairs of the company together with the KMPs for the year ended March 31, 2020. Since the new management has been granted full control of the affairs of the company with effect from January 04, 2024, the new management does not assure the accuracy and reliability of the opening balances as at April 01, 2020.

As per SA 510, para 10, read with SA 705(Revised) as applicable, when an auditor is unable to obtain the sufficient appropriate audit evidence regarding the opening balances, the auditor shall express an opinion (qualified opinion or a disclaimer of opinion), as appropriate, in accordance with SA 705 (Revised). Since the new management has incorporated the impact of audit qualifications, impact of the Resolution Plan and the impact of changes in the position of assets and liabilities arising out of reassessment of their existence as ascertained by the current management of the Company into the financial results as a recasting gain/loss under the exceptional item, we qualify our opinion to the extent of opening balances being reduced through recasting effect.

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 SFR' 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 SFR.

4. Management's Responsibilities for the Statements

These quarterly as well as the year-to-date SFR (as restated) have been prepared on the basis of the interim financial statements (as restated). The Company's Board of Directors are responsible with respect to the preparation of these SFR (as restated) that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the SFR that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the SFR (as restated), the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

5. Auditor's Responsibilities for the Audit of the SFR (as restated)

Our objectives are to obtain reasonable assurance about whether the SFR (as restated) 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 SFR (as restated).

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



- Identify and assess the risks of material misstatement of the 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.

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.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to that extent applicable.



Emphasis of Matter

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

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



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

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

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

9. We draw your attention to Note 15 of the Statement which states that the RNEL had one live projects of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of INR 40,15,517 was received on February 22, 2023.
10. We draw your attention to Note 16 of the Statement which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is INR 2,961 lakhs, which has been sold at INR1,156 lakhs to Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts, in respective period amounting to INR- 1,805 lakhs as per relevant financial reporting framework. There was a



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

11. We draw your attention to Note 17 of the Statement which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.73 lakhs expenses and prior period purchases were booked amounting to INR 20.63 lakhs. Accordingly, the expenses were understated by the management to that extent in previous period.
12. We draw your attention to Note 18 of the Statement which state that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defence sector as evidence.
13. We draw your attention to Note 19 of the Statement which states that the Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27,2023.
14. We draw your attention to Note 21 of the Statement which states notional finance cost recorded in the Profit and Loss statement from April 1, 2022, to December 23, 2022, has been reversed under recasting gain reported under exceptional items as of December 23, 2022, due to the implementation of the resolution plan.
15. We draw your attention to Note 22 of the Statement which states As on March 31, 2023, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04, 2023. The



said order of NCLT has been set aside by NCLAT by its order dated July 25, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.

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.

16. 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.
17. Going Concern Assessment
We draw your attention to Note 7 of accompanying unaudited standalone financial results ("as restated") which states the unaudited standalone financial results have been prepared on a going concern basis since the new management has been granted full control of the affairs of the company with effect from January 4th, 2024.

Other Matter

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



N. N. Jambusaria & Co.

Chartered Accountants

- iv. Attention is drawn to the fact that the figures for the quarter ended March 31, 2023, as reported in the statement are the balancing figures in respect of the year ended March 31, 2023 and published year to date figures up to the end of the third quarter of the relevant financial year. The figures up to the end of the third quarter are only reviewed and not subjected to audit.

Our opinion on the statement is not modified in respect of these matter.

For N. N. Jambusaria & CO.

Chartered Accountants

Firm Reg. No: 104030W

N.N. Jambusaria

Nimesh N. Jambusaria

Partner

Mem. No. 038979

UDIN: 24038979BKBNWX6808

Place: Mumbai

Date: November 11, 2024



Reliance Naval and Engineering Limited

Registered Office: Pipavav Port, Post Uchhaiya, Via Rajula, Dist. Amreli, Gujarat - 365 560, India.
Website: www.rnavel.co.in, E-mail: rnel@swan.co.in, CIN: L35110GJ1997PLC033193

Restatement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2023

INR in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Audited	Unaudited	Unaudited	Audited	Audited
1	Revenue from Operations	-	40	79	316	632
2	Other Income	16	70	440	460	1,107
3	Total Income (1+2)	16	110	519	776	1,739
4	Expenses					
(a)	Cost of Materials Consumed	3	1	6	26	110
(b)	Cost of Raw Material Sold	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-
(d)	Employee Benefits Expenses	69	85	97	326	480
(e)	Labour/Fabrication and Subcontractor Charges	126	187	130	528	624
(f)	Power, Fuel and Water	121	170	170	567	498
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-
(j)	Other Expenses	159	950	587	3,957	1,581
	Total Expenses	478	1,393	990	5,404	3,293
5	Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)	(462)	(1,283)	(471)	(4,628)	(1,554)
6	Finance Costs	389	46,484	49,257	1,46,973	1,99,857
7	Depreciation and Amortisation Expenses	1,691	1,717	1,826	6,829	7,396
8	Profit / (Loss) Before Exceptional Items (5-6-7)	(2,542)	(49,484)	(51,554)	(1,58,430)	(2,08,807)
9	Exceptional Items (Refer Note 6)	-	19,52,133	-	19,52,123	166
10	Profit / (Loss) before Tax (8+9)	(2,542)	19,02,649	(51,554)	17,93,693	(2,08,641)
11	Income Tax for Earlier Years	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-
13	Profit / (Loss) After Tax (10+11+12)	(2,542)	19,02,649	(51,554)	17,93,693	(2,08,641)
14	Other Comprehensive Income					
	Items that will not to be reclassified to profit and loss in the subsequent year					
(i)	Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-
(ii)	Add:- Consolidated share in the profit/(loss) of associate	-	-	-	-	-
	Total Other Comprehensive Income for the period/year	-	-	-	-	-
15	Total Comprehensive Income for the period/year (13+14)	(2,542)	19,02,649	(51,554)	17,93,693	(2,08,641)
16	Paid-up Equity Share Capital (Face Value of INR 10 Each)	268.22	268.22	73.759	268.22	73,759
17	Other Equity	-	-	-	54.205	(18,12,979)
18	Earnings Per Share (EPS) (* Not Annualised)					
(a)	Basic EPS (INR)	* (94.77)	* 70,936.13	* (6.99)	66.873.95	(28.29)
(b)	Diluted EPS (INR)	* (94.77)	* 70,936.13	* (6.99)	66.873.95	(28.29)



Restatement Of Standalone Assets and Liabilities		INR in Lakhs	
Particulars		As at March 31, 2023	As at March 31, 2022
		Audited	Audited
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment		1,16,486	1,25,504
(b) Right-of-use Assets		6,732	7,724
(c) Capital Work in Progress		3,669	3,669
(d) Intangible Assets		-	-
(e) Financial Assets			
(i) Investments		153	153
(f) Deferred Tax Assets (net)		-	-
(g) Other Non Current Assets		9,343	7,631
Total Non Current Assets (A)		1,36,383	1,44,681
(2) Current Assets			
(a) Inventories		1,40,515	2,08,632
(b) Financial Assets			
(i) Trade Receivables		-	81
(ii) Cash and Cash Equivalents		810	2,782
(c) Current Tax Assets (net)		25	333
(d) Other Current Assets		558	17,544
Total Non Current Assets (B)		1,41,908	2,29,372
TOTAL ASSETS (A+B)		2,78,291	3,74,053
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital		268	73,759
(b) Other Equity		54,205	(18,12,979)
Total Equity (A)		54,473	(17,39,220)
(2) Liabilities			
2.1 Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		1,85,000	1,343
(ii) Lease Liability		8,137	8,691
(b) Provisions		43	31
Total Non Current Liabilities (B)		1,93,180	10,065
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		20,000	2,87,284
(ii) Lease Liability		809	633
(iii) Trade Payables			
Total outstanding dues of micro and small enterprises		28	754
Total outstanding dues of creditors other than micro and small enterprises		7,798	33,269
(iv) Other Financial Liabilities		1,925	17,65,755
(b) Other Current Liabilities		78	4,518
(c) Provisions		-	10,995
Total Non Current Liabilities (C)		30,638	21,03,208
TOTAL EQUITY AND LIABILITIES (A+B+C)		2,78,291	3,74,053



Restatement of Standalone Cash Flow Statement

Sr. No	Particulars	INR in Lakhs	
		As at March 31, 2023	As at March 31, 2022
		Audited	Audited
A	Cash Flow from Operating Activities		
	Profit / (Loss) before Tax	17,93,693	(2,08,640)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,828	7,396
	Interest Income	(12)	(22)
	Loss on Sale of Plant, property and equipments (net)	1,805	-
	Finance Costs	1,46,973	1,99,857
	RoU recalculation fixed asset impairment and W/off	221	-
	Operating cash flow before working capital changes	19,49,508	(1,409)
	Movement in Working Capital		
	(Increase) / Decrease in Inventories	68,117	256
	(Increase) / Decrease Trade and Other Receivables	15,355	(311)
	Increase / (Decrease) Trade and Other Payables	(18,90,455)	2,02,177
	Cash Used in Operations	1,42,525	2,00,713
	Direct Taxes (Paid) / Refund	308	14
	Net Cash from Operating Activities	1,42,833	2,00,727
B	Cash Flow from Investing Activities		
	Sale of Property, Plant and Equipment and Capital Work in Progress	1156	-
	FD kept with bank	-	213
	Interest Received	12	22
	Net Cash from Investing Activities	1168	235
C	Cash Flow from Financing Activities		
	Finance Costs	(1,46,973)	(1,99,858)
	Borrowings (From Hazel Infra Ltd)	1,000	-
	Net Cash used in Financing Activities	(1,45,973)	(1,99,858)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,972)	1,104
	Cash and Cash Equivalents at the beginning of the year	2782	1678
	Cash and Cash Equivalents at the end of the year	810	2,782

Notes :

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



Background of the Company

1. Herein, the term "financial statement/results" shall be understood to mean "restated financial statement/results."

2. The financial results comprise the financial results of Reliance Naval and Engineering Limited ("RNEL" or "the Company") for the period ended March 31st, 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 Uchhaiya, Via- Rajula, District Amreli (Gujarat), and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

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

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

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

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

4. The comparative figures of December 31st, 2022 as appearing in these financials based on restated financials of quarter ended December 31st, 2022 which were prepared to incorporate the effects of the resolution plan approved by Hon'ble NCLT Ahmedabad bench date December 23rd, 2022, and also to give the effect of changes in the position of assets and liabilities arising out of the reassessment of their existence as ascertained by the current management of the Company. These financial results supersede the earlier financial results certified by the previous auditor M/s. Pipara & Co LLP on February 13th, 2024. M/s. Pipara & Co LLP resigned on October 12th, 2024, and the casual vacancy was filled by appointing M/s N. N. Jambusaria & Co. through a board resolution dated October 18th, 2024.

Business Revival and Continuity Plan

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



e. Capacity augmentation: The company is also actively engaged in planning for additional capacity to integrate a maritime vendor ecosystem and meet the global demand by increasing docking and berthing space. They are in the process of building a comprehensive yard design and layout strategy.

Restatement of financial results.

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

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

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

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



14	Statutory dues written back	531.37
15	Provision made for Contract Receivable in progress	(740.57)
	Total	(68,719.59)

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

Rupees in lakhs

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

Going Concern

7. The new management has been granted full control of the affairs of the company with effect from January 4th, 2024, the financial statement for the period and year ended March 31st, 2023 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 3.

Legal Cases

8. The amount of INR 1,73,219.05 lakhs was shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of INR 1,73,219.05 lakhs representing various contracts is not receivable and hence has been considered for write-off from the books of accounts. In response to the Show Cause Notice from Ministry of Defence, the Company replied to the notice and also filed a writ petition along with a stay application before the Delhi High Court on February 15th, 2020. The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17th, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to the termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after the communication of such decision to the Company. Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31st, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advanced stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs.



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

9. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during FY 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4th, 2023 which has been set aside by NCLAT by its order dated July 25th, 2024. Investment of the company in its subsidiary has been impaired during the previous year.
The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.
10. The investments in the wholly-owned subsidiaries RMOL Engineering and Offshore Limited and REDS Marine Services Limited which were impaired in previous year's have been written off during the period, as both companies are admitted for liquidation on December 6th, 2021, and September 14th, 2021 respectively.

Other

11. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
12. The Finance Cost includes INR 85.08 lakhs as interest on Interim Funding received during the CIRP Period which is treated as CIRP Cost.
13. The figures for the quarter ended March 31st, 2023, are the balancing figures between the unaudited figure in respect of the nine-month financial and year-to-date audited financial results for the year ended March 31st, 2023. The figures for the previous periods and for the year ended March 31st, 2022, have been restated and regrouped to make them comparable with those of the current year.
14. Other Current Financial Liabilities Include a refundable security deposit of INR 5,00,00,000/- received from the prospective resolution applicant, On January 18th, 2023 the same has been repaid.
15. RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and the Counterparty, a full and final settlement of INR 40,15,517/- was received on February 22nd, 2023.
16. During the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is INR 2,961 lakhs, and the sale value is INR 1,156 lakhs and the buyer is Raj Radhe Finance Limited. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to INR 1,805 lakhs during the quarter ended June 30th, 2022 as per relevant financial reporting framework. There was a large-



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

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

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

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



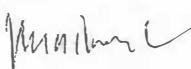

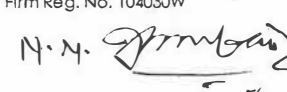
21. The notional finance cost recorded in the Profit and Loss statement from April 1st, 2022, to December 23rd, 2022, has been reversed under recasting gain reported under exceptional items as of December 23rd, 2022, due to the implementation of the resolution plan.
22. As on March 31st, 2023, the Company had given Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04th, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25th, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028.
- Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases is subject to the outcome of the said cases.
23. As per regulatory compliance, the company is required to appoint and conduct an internal audit for FY 2022-23. The internal auditor is not appointed for the period ending March 31st, 2023.
24. During the internal stock verification process for the quarter that ended September 30th, 2022, we noted some discrepancies in aluminum sheets, and a general diary was filed on August 28th, 2022 for the same and the impact of loss on the inventory is given in the books of accounts amounting to INR 9.93 lakhs as per relevant financial reporting framework.

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



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



STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG WITH ANNUAL AUDITED FINANCIAL RESULTS				
Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023				
I.	Sr No	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs. In Lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lakhs
	1	Turnover / Total income	775.92	Not Determinable
	2	Total Expenditure	17,92,917.15	
	3	Net Profit/(Loss)	17,93,693.07	
	4	Earnings Per Share	66,875.20	
	5	Total Assets	2,78,291.02	
	6	Total Liabilities	2,23,817.75	
	7	Net Worth	54,473.27	
	8	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately): a. Details of Audit Qualification: Please refer the audit report b. Type of Audit Qualification: Qualified c. Frequency of qualification: First time d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: Not determinable (ii) If management is unable to estimate the impact, reasons for the same: Response to qualified opinion in the audit report: The new management has taken over the control of the Company via 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, 2022 and hence new management is unable to verify the same.			
III.	Signatories: 2022 and hence new management is unable to verify the same. For and on behalf of the Board of Directors Reliance Naval and Engineering Limited <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  Mr. Nikhil Merchant Chairman & Managing Director DIN : 00614790 </div> <div style="text-align: center;">  Mr. Kaiyoze Billimoria Chairman - Audit Committee DIN : 00021204 </div> <div style="text-align: center;">  Mr. Rishi Chopra Chief Financial Officer </div> </div> <p>Place : Mumbai Date : November 11, 2024</p> <div style="display: flex; justify-content: space-between; align-items: flex-start; margin-top: 20px;"> <div style="width: 40%;"> <p>For N N Jambusaria & Co Chartered Accountants Firm Reg. No. 104030W</p> <p> Nimesh Jambusaria Partner Membership No. 038979 Place : Mumbai Date : November 11, 2024</p> </div> <div style="width: 20%; text-align: center;">  </div> </div>			