

Independent Auditor's Report

To

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

**Insolvency and Bankruptcy Code, 2016 (IBC)**

The Hon'ble National Company Law Tribunal ("NCLT") admitted an insolvency and bankruptcy petition filed by IDBI Bank, acting as a financial creditor, against Reliance Naval and Engineering Limited ("the Company"). The resolution plan submitted by M/s. Hazel Mercantile Limited, the Resolution Applicant, was approved by the NCLT through an order dated December 23, 2022.

In accordance with the approved resolution plan, majority of payments due to Financial Creditors, Operational Creditors, and Employees, along with the Corporate Insolvency Resolution Process ("CIRP") and Monitoring Committee ("MC") period costs, were paid by January 4, 2024. Subsequently, the MC was discharged on January 4, 2024, and the newly appointed board of directors ("New Management") of the Company was given full authority to manage the Company's affairs in compliance with the Companies Act, 2013.

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

**1. 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") which includes the Group's share of net profit/loss after tax in its associate for the quarter and the year ended March 31, 2024 ("the statement") attached herewith, being submitted by the Holding 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, the aforesaid CFR



a. Includes the result 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, its associate company for the quarter and year ended March 31, 2024.

**2. Basis for Opinion**

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 obtained by us and that obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below in this audit report, is sufficient and appropriate to provide a basis for our opinion.

**3. 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 Holding 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 Holding 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.

#### 4. Auditor's Responsibilities for the Audit of the CFR

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:

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

- 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.
- 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 Holding 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.

### 5. Other Matters

- i. We did not audit the financial statement of one associate whose share of loss amounting to INR 19 lakhs & share of profit amounting to INR 77 lakhs for the quarter and year ended March 31, 2023, 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. In case of three subsidiaries the interim financial information for the quarter and year ended March 31, 2024, is not available. In absence of the aforesaid interim financial information, the same have not been included in the audited consolidated results. In our opinion and according to information and explanation given to us by the management, these financial information are not material to the group.
- iii. Attention is drawn to the fact that the figures for the quarter ended March 31, 2024 as



# N. N. Jambusaria & Co.

Chartered Accountants

reported in the CFR are the balancing figures in respect of the year ended March 31, 2024 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.

- iv. The annual financial results dealt with by this report has been prepared for the express purpose of filing with Stock Exchanges. These results are based on and should be read with the audited financial statements of the Company for the year ended March 31, 2024, on which we issued an unmodified audit opinion vide our report dated November 11, 2024.

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

**For N. N. Jambusaria & CO.**

Chartered Accountants

Firm Reg. No: 104030W

*N.N. Jambusaria*



**Nimesh N. Jambusaria**

Partner

Mem. No. 038979

UDIN: 24038979BKBNXF4194

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: mel@swan.co.in, CIN: L35110GJ1997PLC033193

## Statement of Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2024

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2024	31.12.2023	31.03.2023	31.03.2024	31.03.2023
		Audited	Unaudited	Audited	Audited	Audited
1	Revenue from Operations	-	-	-	-	316
2	Other Income	21	50	16	246	460
3	<b>Total Income (1+2)</b>	<b>21</b>	<b>50</b>	<b>16</b>	<b>246</b>	<b>776</b>
4	<b>Expenses</b>					
(a)	Cost of Materials Consumed	12	10	3	27	26
(b)	Cost of Raw Material Sold	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-
(d)	Employee Benefits Expenses	226	78	69	472	326
(e)	Labour/Fabrication and Subcontractor Charges	239	138	126	636	528
(f)	Power, Fuel and Water	147	119	121	496	567
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-
(j)	Other Expenses	554	256	159	1,266	3,957
	<b>Total Expenses</b>	<b>1,178</b>	<b>401</b>	<b>478</b>	<b>2,897</b>	<b>5,404</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)</b>	<b>(1,157)</b>	<b>(551)</b>	<b>(462)</b>	<b>(2,651)</b>	<b>(4,628)</b>
6	Finance Costs	1,029	475	389	2,639	1,46,973
7	Depreciation and Amortisation Expenses	1,699	1,720	1,691	6,846	6,829
8	<b>Loss Before Exceptional Items (5-6-7)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>(1,58,430)</b>
9	Exceptional Items	-	-	-	-	19,52,123
10	<b>Loss before Tax (8+9)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>17,93,693</b>
11	Income Tax for Earlier Years	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-
13	<b>Loss After Tax (10+11+12)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>17,93,693</b>
14	<b>Other Comprehensive Income</b>					
	Items that will not to be reclassified to profit and loss in the subsequent year					
(i)	Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-
(ii)	Add:- Consolidated share in the profit/(loss) of associate	(19)	48	3	77	21
	<b>Total Other Comprehensive Income for the period/year</b>	<b>(19)</b>	<b>48</b>	<b>3</b>	<b>77</b>	<b>21</b>
15	<b>Total Comprehensive Income for the period/year (13+14)</b>	<b>(3,904)</b>	<b>(2,698)</b>	<b>(2,539)</b>	<b>(12,059)</b>	<b>17,93,714</b>
16	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	268.22	268.22	268.22	268.22	268.22
17	Other Equity	-	-	-	42,396.71	54,456.20
18	<b>Earnings Per Share (EPS) (* Not Annualised)</b>					
(a)	Basic EPS (Rs.)	* (145.55)	* (100.59)	* (94.66)	(449.59)	66,874.73
(b)	Diluted EPS (Rs.)	* (145.55)	* (100.59)	* (94.66)	(449.59)	66,874.73



STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES		INR in Lakhs	
Particulars	As at March 31, 2024	As at March 31, 2023	
	Audited	Audited	
<b>I ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	1,10,757	1,16,486	
(b) Right-of-use Assets	6,000	6,732	
(c) Capital Work in Progress	4,307	3,669	
(d) Intangible Assets	-	-	
(e) Financial Assets			
(i) Investments	481	404	
(f) Deferred Tax Assets (net)	-	-	
(g) Other Non Current Assets	9,411	9,343	
<b>Total Non Current Assets (A)</b>	<b>1,30,956</b>	<b>1,36,634</b>	
<b>(2) Current Assets</b>			
(a) Inventories	1,40,540	1,40,515	
(b) Financial Assets			
(i) Trade Receivables	-	-	
(ii) Cash and Cash Equivalents	1,821	810	
(c) Current Tax Assets (net)	5	25	
(d) Other Current Assets	1,020	558	
<b>Total Non Current Assets (B)</b>	<b>1,43,386</b>	<b>1,41,908</b>	
<b>TOTAL ASSETS (A+B)</b>	<b>2,74,342</b>	<b>2,78,542</b>	
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	268	268	
Share Application Money	5,000		
(b) Other Equity	42,397	54,456	
<b>Total Equity (A)</b>	<b>47,665</b>	<b>54,724</b>	
<b>(2) Liabilities</b>			
<b>2.1 Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	1,62,574	1,85,000	
(ii) Lease Liability	7,320	8,137	
(b) Provisions	43	43	
<b>Total Non Current Liabilities (B)</b>	<b>1,69,937</b>	<b>1,93,180</b>	
<b>2.2 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	50,800	20,000	
(ii) Lease Liability	1,175	809	
(iii) Trade Payables			
Total outstanding dues of micro and small enterprises	3	28	
Total outstanding dues of creditors other than micro and small enterprises	3,678	7,798	
(iv) Other Financial Liabilities	1,065	1,925	
(b) Other Current Liabilities	19	78	
(c) Provisions	-	-	
<b>Total Non Current Liabilities (C)</b>	<b>56,740</b>	<b>30,638</b>	
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b>2,74,342</b>	<b>2,78,542</b>	





# Audited Consolidated Cash Flow Statement

Sr. Particulars	INR in Lakhs	
	2023 - 2024	2022 - 2023
<b>A Cash Flow from Operating Activities</b>		
Profit / (Loss) before Tax and associate profit	(12,136)	17,93,693
Adjustments for :-		
Depreciation and Amortisation Expenses	6,846	6,829
Interest Income	(9)	(12)
Loss on Sale of Plant, property and equipments (net)	-	1,805
Finance Costs	2,639	1,46,973
Roll recalculation Fixed asset Impairment and W/off	-	221
<b>Operating cash flow before working capital changes</b>	<b>(2,660)</b>	<b>19,49,508</b>
<b>Movement in Working Capital</b>		
(Increase) / Decrease in Inventories	(241)	68,117
(Increase) / Decrease Other non current assets	6	-
(Increase) / Decrease Trade and Other Receivables	(463)	15,355
Increase in / (Decrease) Trade and Other Payables	(3,893)	(18,90,455)
<b>Cash Used in Operations</b>	<b>(7,034)</b>	<b>1,42,525</b>
Income Taxes (Paid) / Refund	19	308.18
<b>Net Cash from Operating Activities</b>	<b>(7,015)</b>	<b>1,42,833</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Capital Work in Progress	(1,022)	1,156
FD kept with bank	(74)	-
Interest Received	9	12
<b>Net Cash from Investing Activities</b>	<b>(1,087)</b>	<b>1,168</b>
<b>C Cash Flow from Financing Activities</b>		
Finance Costs	(2,639)	(1,46,973)
Share capital money received	5,000	-
Upfront Payment as per plan	(20,000)	-
Interest on upfront payment	(685)	-
Borrowings (from Hazel Infra Ltd)	28,374	1,000
Repayment of Borrowings (Interim funding)	(804)	-
Interest paid of repayment of Borrowings (Interim funding)	(133)	-
<b>Net Cash used in Financing Activities</b>	<b>9,113</b>	<b>(1,45,973)</b>
<b>Net (decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>1,011</b>	<b>(1,972)</b>
Cash and Cash Equivalents at the beginning of the year	810	2781.76
<b>Cash and Cash Equivalents at the end of the year (refer note 8)</b>	<b>1,821</b>	<b>810</b>

## 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 standalone financial results of Reliance Naval and Engineering Limited ("RNEL" or "the Company") and its subsidiaries and associates, for the period ended March 31<sup>st</sup>, 2024. 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.

2. On September 4<sup>th</sup>, 2018, IDBI Bank in its capacity of financial creditor filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against the Company. The NCLT, vide its order dated January 15<sup>th</sup>, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code and appointed Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13<sup>th</sup>, 2020, the Committee of Creditors (the "CoC") replaced IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT approved the appointment of RP vide its order dated May 5<sup>th</sup>, 2020. The powers of the Board of Directors of the Company were suspended with effect from January 15<sup>th</sup>, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended till the end of current period, i.e. June 30<sup>th</sup>, 2023. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23<sup>rd</sup>, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its 3<sup>rd</sup> MC meeting dated January 31<sup>st</sup>, 2023.

In line with approved resolution plan the Successful Resolution Applicant ("SRA") has deposited upfront payment tranches on October 27<sup>th</sup>, 2023, and the same has been received in the designated bank account of the Company. By January 4<sup>th</sup>, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4<sup>th</sup>, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company. The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company. As per the sanctioned resolution plan, an upfront payment of INR 200 Crore was to be made by SRA by March 23<sup>rd</sup>, 2023. SRA had taken approval from NCLT for an extension till November 15<sup>th</sup>, 2023 for depositing the same. The actual deposit was done on October 27<sup>th</sup>, 2023. 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 actually has been paid on August 07, 2024.

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

3. 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.

#### **Going Concern**

4. The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the consolidated financial statement for the period ended March 31<sup>st</sup>, 2024 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 2.

#### **Legal Cases**

5. The amount of INR 1,73,219.05 lakhs were shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of 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, outlining 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.

6. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during 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 25<sup>th</sup>, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. The impairment created in the earlier years against this investment is still carried in the books of accounts.

#### Other

7. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
8. 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.
9. The Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27<sup>th</sup>, 2023.
10. 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 8th, 2023
Paresh Vasantlal Merchant	Director	December 8th, 2023
Bhavik Nikhil Merchant	Director	December 8th, 2023
Vivek Paresh Merchant	Director	December 8th, 2023
Kaiyoze Beji Billimoria	Independent Director	December 14th, 2023
Ashishkumar Bairagra	Independent Director	December 14th, 2023
Arun Sinha	Independent Director	December 14th, 2023
Prabhakar Reddy Patil	Independent Director	December 16th, 2023
Maya Swaminathan Sinha	Independent Director	December 14th, 2023
Arvind Jayasing Morbale	Whole-time Director	December 14th, 2023

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



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

12. As per the applicable accounting framework the entity shall also submit consolidated financial results for the period ending March 31<sup>st</sup>, 2024. There are three subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

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

13. During the period June 30<sup>th</sup>, 2023 prior period income was booked amounting to INR 40.35 lakhs income.

14. As per NCLT order dated August 1<sup>st</sup>, 2023 interest at the rate of SBI MCLR plus 200 basis points is payable with effect from 23.06.2023 till the making up full upfront payment of INR 200 Crs to unrelated financial creditors. Hence as per the order, the company has charged interest of INR 40.27 lakhs at the rate of 10.50% p.a. from June 23<sup>rd</sup>, 2023 to June 30<sup>th</sup>, 2023. In the Meeting of the Joint Lenders of the company, held on September 12<sup>th</sup>, 2023, the unrelated financial creditors have agreed to give an extension of time for making the balance upfront payment subject to payment of interest for the delay, at SBI MCLR of 1 year (8.5% p.a.) plus 250 basis points from September 15<sup>th</sup>, 2023 till the date of payment on reducing balance basis. Therefore, the company has charged interest of INR 517.68 lakhs and INR 127.47 lakhs in the second quarter and third quarter respectively.

15. As per NCLT order dated November 21<sup>st</sup>, 2023, interest for deferred payment of 1<sup>st</sup> tranche amounted INR 312 crores is payable to unrelated financial creditors. Hence, as per the order, the company has charged interest at the rate of 10.50% p.a. on INR 200 Crores and at the rate of 8.55% p.a. on INR 112 crores from December 23<sup>rd</sup>, 2023 till the date of payment which is August 7<sup>th</sup>, 2024. Therefore, the company has charged interest of INR 75.19 lakhs and INR 760.22 lakhs in the third quarter and fourth quarter respectively.





16. The consolidated figures for the quarter ended March 31st, 2024, are the balancing consolidated figures between the unaudited consolidated figures in respect of the nine-month financial and year-to-date audited consolidated financial results for the year ended March 31st, 2024.

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 ("SFR")

**Insolvency and Bankruptcy Code, 2016 (IBC)**

The Hon'ble National Company Law Tribunal ("NCLT") admitted an insolvency and bankruptcy petition filed by IDBI Bank, acting as a financial creditor, against Reliance Naval and Engineering Limited ("the Company"). The resolution plan submitted by M/s. Hazel Mercantile Limited, the Resolution Applicant, was approved by the NCLT through an order dated December 23, 2022.

In accordance with the approved resolution plan, majority of payments due to Financial Creditors, Operational Creditors, and Employees, along with the Corporate Insolvency Resolution Process ("CIRP") and Monitoring Committee ("MC") period costs, were paid by January 4, 2024. Subsequently, the MC was discharged on January 4, 2024, and the newly appointed board of directors ("New Management") of the Company was given full authority to manage the Company's affairs in compliance with the Companies Act, 2013.

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

**1. Opinion**

We have audited the accompanying standalone financial results of Reliance Naval and Engineering Limited ("the Company"), for the quarter and year ended March 31, 2024, 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, these SFR.

- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, and
- 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, 2024.



### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013 (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 SFR 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 opinion.

### 3. Management's Responsibilities for the Standalone Financial Results ("SFR")

These quarterly as well as the year-to-date SFR have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible with respect to the preparation of these SFR 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, 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.

### 4. Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

**5. Other Matters**

- i. Attention is drawn to the fact that the figures for the quarter ended March 31, 2024, as reported in the statement are the balancing figures in respect of the year ended March 31, 2024, 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.
- ii. The annual financial results dealt with by this report has been prepared for the express purpose of filing with Stock Exchanges. These results are based on and should be read with the audited financial statements of the Company for the year ended March 31, 2024, on which we issued an unmodified audit opinion vide our report dated November 11, 2024.

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

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

*N.N. Jambusaria*



Nimesh N. Jambusaria  
Partner  
Mem. No. 038979  
UDIN: 24038979BKBXG1210  
Place: Mumbai  
Date: November 11, 2024

**Statement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2024**

INR in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2024	31.12.2023	31.03.2023	31.03.2024	31.03.2023
		Audited	Unaudited	Unaudited	Audited	Audited
1	Revenue from Operations	-	-	-	-	316
2	Other Income	21	50	16	246	460
3	<b>Total Income (1+2)</b>	<b>21</b>	<b>50</b>	<b>16</b>	<b>246</b>	<b>776</b>
4	<b>Expenses</b>					
(a)	Cost of Materials Consumed	12	10	3	27	26
(b)	Cost of Raw Material Sold	-	-	-	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-
(d)	Employee Benefits Expenses	224	78	69	472	326
(e)	Labour/Fabrication and Subcontractor Charges	239	138	126	636	528
(f)	Power, Fuel and Water	147	119	121	496	567
(g)	Cost Estimated for Revenue Recognised	-	-	-	-	-
(h)	Foreign Exchange Difference (net)	-	-	-	-	-
(i)	Provision for Non-Moving Inventory	-	-	-	-	-
(j)	Other Expenses	554	256	159	1,266	3,957
	<b>Total Expenses</b>	<b>1,178</b>	<b>601</b>	<b>478</b>	<b>2,897</b>	<b>5,404</b>
5	<b>Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)</b>	<b>(1,157)</b>	<b>(551)</b>	<b>(462)</b>	<b>(2,651)</b>	<b>(4,628)</b>
6	Finance Costs	1,029	475	359	2,639	1,46,973
7	Depreciation and Amortisation Expenses	1,699	1,720	1,691	6,846	6,829
8	<b>Loss Before Exceptional Items (5-6-7)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>(1,58,430)</b>
9	Exceptional Items	-	-	-	-	19,52,123
10	<b>Loss before Tax (8+9)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>17,93,693</b>
11	Income Tax for Earlier Years	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-
13	<b>Loss After Tax (10+11+12)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>17,93,693</b>
14	<b>Other Comprehensive Income</b>					
	Items that will not to be reclassified to profit and loss in the subsequent year					
	(i) Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-
	(ii) Add:- Consolidated share in the profit/(loss) of associate	-	-	-	-	-
	<b>Total Other Comprehensive Income for the period/year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
15	<b>Total Comprehensive Income for the period/year (13+14)</b>	<b>(3,885)</b>	<b>(2,746)</b>	<b>(2,542)</b>	<b>(12,136)</b>	<b>17,93,693</b>
16	Paid-up Equity Share Capital (Face Value of INR 10 Each)	268.22	268.22	268.22	268.22	268.22
17	Other Equity	-	-	-	42,069.06	54,205.05
18	<b>Earnings Per Share (EPS) (* Not Annualised)</b>					
(a)	Basic EPS (INR)	* (144.84)	* (102.38)	* (94.77)	(452.46)	66,873.95
(b)	Diluted EPS (INR)	* (144.84)	* (102.38)	* (94.77)	(452.46)	66,873.95



AUDITED STATEMENT OF STANDALONE ASSETS AND LIABILITIES		INR in Lakhs	
Particulars		As at March 31, 2024	As at March 31, 2023
		Audited	Audited
<b>I ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment		1,10,757	1,16,486
(b) Right-of-use Assets		6,000	6,732
(c) Capital Work in Progress		4,307	3,669
(d) Intangible Assets		-	-
(e) Financial Assets			
(i) Investments		153	153
(f) Deferred Tax Assets (net)		-	-
(g) Other Non Current Assets		9,411	9,343
<b>Total Non Current Assets (A)</b>		<b>1,30,628</b>	<b>1,36,383</b>
<b>(2) Current Assets</b>			
(a) Inventories		1,40,540	1,40,515
(b) Financial Assets			
(i) Trade Receivables		-	-
(ii) Cash and Cash Equivalents		1,821	810
(c) Current Tax Assets (net)		5	25
(d) Other Current Assets		1,020	558
<b>Total Non Current Assets (B)</b>		<b>1,43,386</b>	<b>1,41,908</b>
<b>TOTAL ASSETS (A+B)</b>		<b>2,74,014</b>	<b>2,78,291</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) (a) Equity Share Capital</b>			
(a) Equity Share Capital		268	268
Share Application Money		5,000	
(b) Other Equity		42,069	54,205
<b>Total Equity (A)</b>		<b>47,337</b>	<b>54,473</b>
<b>(2) Liabilities</b>			
<b>2.1 Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings		1,62,574	1,85,000
(ii) Lease Liability		7,320	8,137
(b) Provisions		43	43
<b>Total Non Current Liabilities (B)</b>		<b>1,69,937</b>	<b>1,93,180</b>
<b>2.2 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings		50,800	20,000
(ii) Lease Liability		1,175	809
(iii) Trade Payables			
Total outstanding dues of micro and small enterprises		3	28
Total outstanding dues of creditors other than micro and small enterprises		3,678	7,798
(iv) Other Financial Liabilities		1,065	1,925
(b) Other Current Liabilities		19	78
(c) Provisions		-	-
<b>Total Non Current Liabilities (C)</b>		<b>56,740</b>	<b>30,638</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>2,74,014</b>	<b>2,78,291</b>



**Audited Standalone Cash Flow Statement for the year ended March 31, 2024**

Sr. Particulars	INR in Lakhs	
	2023 - 2024	2022 - 2023
<b>A Cash flow from Operating Activities</b>		
Net Loss before Tax	(12,136)	17,93,693
Adjustments for :-		
Depreciation and Amortisation Expenses	6,846	6,828
Interest Income	(9)	(12)
Loss on Sale of Plant, property and equipments (net)	-	1,805
Finance Costs	2,639	1,46,973
Roll recalculation Fixed asset Impairment and W/off	-	221
Operating cash flow before working capital changes	(2,660)	19,49,508
<b>Movement in Working Capital</b>		
(Increase) / Decrease in Inventories	(24)	68,117
(Increase) / Decrease Other non current assets	6	-
(Increase) / Decrease Trade and Other Receivables	(463)	15,355
Increase in / (Decrease) Trade and Other Payables	(3,893)	(18,90,455)
<b>Cash Used in Operations</b>	(7,034)	1,42,525
Direct Taxes (Paid) / Refund	19	308
<b>Net Cash from Operating Activities</b>	(7,015)	1,42,833
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Capital Work in Progress	(1,022)	1,156
FD kept with bank	(74)	-
Interest Received	9	12
<b>Net Cash from Investing Activities</b>	(1,087)	1,168
<b>C Cash Flow from Financing Activities</b>		
Finance Costs	(2,639)	(1,46,973)
Share capital money received	5,000	-
Upfront Payment as per plan	(20,000)	-
Interest on upfront payment	(685)	-
Borrowings (From Hazel Infra Ltd)	28,374	1,000
Repayment of Borrowings (Interim funding)	(804)	-
Interest paid of repayment of Borrowings (Interim funding)	(133)	-
<b>Net Cash used in Financing Activities</b>	9,113	(1,45,973)
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	1,011	(1,972)
Cash and Cash Equivalents at the beginning of the year	810	2781.76
<b>Cash and Cash Equivalents at the end of the year (refer note 8)</b>	1,821	810

**Notes :-**

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





### Background of the Company

1. The financial results comprise the financial results of Reliance Naval and Engineering Limited ("RNEL" or "the Company") for the period ended March 31<sup>st</sup>, 2024. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchhaiya, 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.

2. On September 4<sup>th</sup>, 2018, IDBi Bank in its capacity of financial creditor filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against the Company. The NCLT, vide its order dated January 15<sup>th</sup>, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code and appointed Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13<sup>th</sup>, 2020, the Committee of Creditors (the "CoC") replaced IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT approved the appointment of RP vide its order dated May 5<sup>th</sup>, 2020. The powers of the Board of Directors of the Company were suspended with effect from January 15<sup>th</sup>, 2020 i.e. the commencement of the insolvency proceedings, and continue to remain suspended till the end of current period, i.e. June 30<sup>th</sup>, 2023. Pursuant to the approval of the Resolution Plan, the CIRP of RNEL has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Corporate Debtor, effective on and from December 23<sup>rd</sup>, 2022. Furthermore, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, and day-to-day operations and management of RNEL until the closing date as defined under the Resolution Plan. Accordingly, as per the resolution plan and the decision of the members of the Monitoring Committee, Mr. Sudip Bhattacharya has been appointed as the Chairman of the Monitoring Committee vide its 3rd MC meeting dated January 31<sup>st</sup>, 2023.

In line with approved resolution plan the Successful Resolution Applicant ("SRA") has deposited upfront payment tranches on October 27<sup>th</sup>, 2023, and the same has been received in the designated bank account of the Company. By January 4<sup>th</sup>, 2024, majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4<sup>th</sup>, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company. The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company. As per the sanctioned resolution plan, an upfront payment of INR 200 Crore was to be made by SRA by March 23<sup>rd</sup>, 2023. SRA had taken approval from NCLT for an extension till November 15<sup>th</sup>, 2023 for depositing the same. The actual deposit was done on October 27<sup>th</sup>, 2023. Further, the first tranche of deferred payment of INR 312 Crore was to be made



by SRA by December 23<sup>rd</sup>, 2023. The SRA has taken approval of NCLT for an extension of one year to pay the first tranche i.e. by December 23<sup>rd</sup>, 2024, which actually has been paid on August 07<sup>th</sup>, 2024.

#### Business Revival and Continuity Plan

3. 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.

#### Going Concern

4. The new management has been granted full control of the affairs of the company with effect from January 4, 2024, the financial statement for the period ended March 31<sup>st</sup>, 2024 have been prepared on going concern assumptions by the Board of Directors of the Company. This has been further explained in note 2.

#### Legal Cases

5. The amount of INR 1,73,219.05 lakhs were shown as impairment against the Shipbuilding Contracts Receivables from ONGC against the order of Offshore Vessels (OSVs) and Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defense (MOD). After getting the relevant information, the new management realized that the amount of 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 17<sup>th</sup>, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to the termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after the communication of such decision to the Company.



Although the MOD has not revived the contract, it had offered the Company an opportunity to present a proposal by August 31st, 2020, outlining 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.

6. E-Complex Private Limited, a wholly-owned subsidiary of the Company was admitted during 2020-21 for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad. The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4<sup>th</sup>, 2023 which has been set aside by NCLAT by its order dated July 25<sup>th</sup>, 2024. 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.

#### Other

7. The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
8. 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.
9. The Number of equity shares in the company stands reduced based on the approved resolution plan by the Hon'ble National Company Law Tribunal in the ratio of 1 share each for 275 shares held in the company, resulting in the reduction of equity capital by INR 73,490.91 lakhs. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity shares of INR 10 each in the company. The infusion of the amount happened on October 27<sup>th</sup>, 2023.
10. 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 8th, 2023
Paresh Vasantlal Merchant	Director	December 8th, 2023
Bhavik Nikhil Merchant	Director	December 8th, 2023
Vivek Paresh Merchant	Director	December 8th, 2023
Kaiyoze Beji Billimoria	Independent Director	December 14th, 2023
Ashishkumar Bairagra	Independent Director	December 14th, 2023
Arun Sinha	Independent Director	December 14th, 2023
Prabhakar Reddy Patil	Independent Director	December 16th, 2023
Maya Swaminathan Sinha	Independent Director	December 14th, 2023
Arvind Jayasing Morbale	Whole-time Director	December 14th, 2023

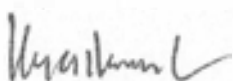
\*Mr. Nikhil Vasantlal Merchant was appointed as Non-Executive Director on December 8<sup>th</sup>, 2023, and has been redesignated as Chairman & Managing Director w.e.f February 13<sup>th</sup>, 2024, at the board meeting held on February 13<sup>th</sup>, 2024.





11. As on March 31<sup>st</sup>, 2024, the Company had given a Security Deposit (short-term and long-term) amounting to INR 9,343.02 Lakhs. Out of the above security deposit, an amount of INR 7,370 Lakhs has been given to M/S E-Complex Private Limited ("ECPL") against the land taken from them on lease as a refundable deposit. ECPL was admitted under CIRP by NCLT. The claim submitted by the Resolution Professional of the Company was not accepted by the Resolution Professional of ECPL. The CIRP process was completed as per the NCLT order dated December 04<sup>th</sup>, 2023. The said order of NCLT has been set aside by NCLAT by its order dated July 25<sup>th</sup>, 2024. The COC of ECPL has filed an appeal before the Supreme Court of India which is pending admission. As per lease agreements, the lease tenure of SEZ land is for 60 years in blocks of 20 years. The first block of 20 years is expiring in the year 2028. Till the time the Company is in possession of said land, the question of refund of security deposit doesn't arise and therefore the enduring benefit from use of the land is going to be received by the Company. The company does not foresee any probability in diminution in the value of the security deposit and hence no impairment provision is needed for the same. Further, the recoverability of the said security deposits deposited with the Court against certain legal ongoing cases are subject to the outcome of the said cases.
12. During the period June 30<sup>th</sup>, 2023 prior period income was booked amounting to INR 40.35 lakhs income.
13. As per NCLT order dated August 1<sup>st</sup>, 2023 interest at the rate of SBI MCLR plus 200 basis points is payable with effect from 23.06.2023 till the making up full upfront payment of INR 200 Crs to unrelated financial creditors. Hence as per the order, the company has charged interest of INR 40.27 lakhs at the rate of 10.50% p.a. from June 23<sup>rd</sup>, 2023 to June 30<sup>th</sup>, 2023. In the Meeting of the Joint Lenders of the company, held on September 12<sup>th</sup>, 2023, the unrelated financial creditors have agreed to give an extension of time for making the balance upfront payment subject to payment of interest for the delay, at SBI MCLR of 1 year (8.5% p.a.) plus 250 basis points from September 15<sup>th</sup>, 2023 till the date of payment on reducing balance basis. Therefore, the company has charged interest of INR 517.68 lakhs and INR 127.47 lakhs in the second quarter and third quarter respectively.
14. As per NCLT order dated November 21<sup>st</sup>, 2023, 1<sup>st</sup> tranche amounted INR 312 crores is deferred and interest is payable to unrelated financial creditors. Hence, as per the order, the company has charged interest at the rate of 10.50% p.a. on INR 200 Crores and at the rate of 8.55% p.a. on INR 112 crores from December 23<sup>rd</sup>, 2023 till the date of payment which is August 7<sup>th</sup>, 2024. Therefore, the company has charged interest of INR 75.19 lakhs and INR 760.22 lakhs in the third quarter and fourth quarter respectively.
15. The figures for the quarter ended March 31<sup>st</sup>, 2024, 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 31<sup>st</sup>, 2024.

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



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

