

May 28, 2019

BSE Limited
Phiroze Jeejeeboy Towers,
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code: 533107

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
NSE Scrip Symbol: RNAVAL

Dear Sirs,

Sub: Statement of Audited Financial Results (Stand-alone and consolidated) for the quarter and financial year ended March 31, 2019

Further to our letter dated May 20, 2019 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), we hereby inform you that the Board of Directors at its meeting held today i.e. May 28, 2019 has, *inter alia*, reviewed and approved the Audited Financial Results (both Standalone and Consolidated) for the quarter and financial year ended March 31, 2019.

Pursuant to Regulation 33 of Listing Regulations, we enclose the following:

- a. The Statements showing the Audited Financial Results (both Standalone and Consolidated) for the quarter and financial year ended March 31, 2019.
- b. Auditor's Report with unmodified opinion on the aforesaid Audited Financial results - Standalone and Consolidated.

The meeting of the Board of Directors of the Company commenced at 5.00 P.M. and concluded at 7.30 P.M.

Yours faithfully,
For Reliance Naval and Engineering Limited



Paresh Rathod
Company Secretary



Encl: As above

Reliance Naval and Engineering Limited

(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

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

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

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

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



STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

Rs in Lakhs

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



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

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

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

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

Notes :

- After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on May 28, 2019.
- In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.
- The Company primarily is in the business of Ship Building and Ship Construction. For last few years there is a downtrend in the shipbuilding industry globally and no new orders in commercial ship building and oil & gas sectors are coming to Indian Shipyards, since it is being economically unviable. In Indian defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity.

The lack of new orders, losses in the operations, erosion of net worth and calling back of loans by the secured lenders has resulted into financial constraints on the Company. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far.

The Board of Directors of the Company in FY 2017-18 had mandated committee of directors to carry out the in-depth analysis to arrive at workable solution for the business restructuring of the Company, taking the help of the experts wherever required. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating Rs. 813,289 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to Rs. 88,320 lakhs has been made, considering the overall circumstances.

The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets, the Company is engaged with the lenders to achieve debt resolution.

In view of the above, the Company continues to prepare its accounts on a going concern basis.
- The Company had in 2016, proposed a refinancing scheme with the lenders, wherein Company exiting the CDR Scheme was one of the key requirements as per the then extant RBI Guidelines. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during FY 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (ROR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void ab-initio and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.
- Exceptional items for the year ended March 31, 2019 includes impairment of property plant and equipments and capital work in progress of Rs. 813,289 lakhs and impairment of receivables of Rs. 88,320 lakhs, as mentioned in note 3 above. Exceptional items for the year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.
- The figures for the previous year ended March 31, 2018 have been rearranged and regrouped to make them comparable with those of current year.

Date : May 28, 2019
Place: Mumbai -



Debashish Bir

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

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

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

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

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



4. Opinion

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

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

List of Subsidiaries:

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

List of Associate:

- Conceptia Software Technologies Private Limited

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

5. Material Uncertainty related to Going Concern

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

Our opinion is not modified in respect of this matter.



6. **Other Matters**

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

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

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

Our opinion is not modified in respect of this matter.

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

Chartered Accountants

Firm Reg. No. 107783W



Gyandeo Chaturvedi

Partner

Membership No.46806



Place: Mumbai

Dated: May 28, 2019

Reliance Naval and Engineering Limited

(formerly known as Reliance Defence and Engineering Limited)

CIN: L35110GJ1997PLC033193

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

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

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

Rs in Lakhs

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



STATEMENT OF STANDALONE ASSETS AND LIABILITIES

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



Notes :

- 01 After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on May 28, 2019.
- 02 In respect of vessels other than the commercial vessels, including offshore support vessels, the Company accounts contract revenue and expenses based on the proportionate completion of contract method as certified by the technical experts. In order to evenly allocate the profit on the said contract to whole of the contract period, provision for proportionate cost to be incurred has been made and charged to statement of profit and loss as "Cost Estimated for Revenue Recognised", which gets adjusted to the statement of profit and loss as and when actual cost is incurred.
- 03 The Company primarily is in the business of Ship Building and Ship Construction. For last few years there is a downtrend in the shipbuilding industry globally and no new orders in commercial ship building and oil & gas sectors are coming to Indian Shipyards, since it is economically unviable. In Indian defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity.
- The lack of new orders, losses in the operations, erosion of net worth and calling back of loans by the secured lenders has resulted into financial constraints on the Company. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far.
- The Board of Directors of the Company in FY 2017-18 had mandated committee of directors to carry out the in-depth analysis to arrive at workable solution for the business restructuring of the Company, taking the help of the experts wherever required. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating Rs. 783,304 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to Rs. 75,326 lakhs has been made, considering the overall circumstances.
- The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets, the Company is enaaqad with the lenders to achieve debt resolution.
- In view of the above, the Company continues to prepare its accounts on a going concern basis.
- 04 The Company had in 2016, proposed a refinancing scheme with the lenders, wherein Company exiting the CDR Scheme was one of the key requirements as per the then extant RBI Guidelines. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during FY 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (ROR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void *ab-initio* and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.
- 05 Exceptional items for the quarter and year ended March 31, 2019 includes impairment of property plant and equipments and capital work in progress of Rs. 783,304 lakhs and impairment of receivables of Rs. 75,326 lakhs, as mentioned in note 3 above and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of Rs. 16,032 lakhs. Exceptional items for the quarter and year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.
- 06 The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
- 07 The figures for the quarter ended March 31, 2019 and March 31, 2018 are the balancing figures between the audited figure in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year. The figures for the previous periods and for the year ended March 31, 2018 have been rearranged and regrouped to make them comparable with those of current year.

Date : May 28, 2019
Place: Mumbai



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

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

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

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

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



4. Opinion

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

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

5. Material Uncertainty related to Going Concern

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

Our opinion is not modified in respect of this matter.

6. Other Matters

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



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

Our opinion is not modified in respect of these matters.

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



Gyandeo Chaturvedi
Partner
Membership No.46806



Place: Mumbai
Dated: May 28, 2019