

RELIANCE NAVAL AND ENGINEERING LIMITED

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

February 13, 2024

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001

BSE Scrip Code : 533107

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

NSE Symbol : RNAVAL

Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on February 13, 2024

Ref: Regulation 30 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With regard to the captioned matter and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“Listing Regulations”), kindly note that the Board of Directors of the Company at its meeting held today i.e. February 13, 2024, have *inter alia*, approved the following:

1. Audited Financial Results and Statements for the quarter and Financial Year ended March 31, 2023.
Audited Financial Results for the Quarter and Financial Year ended March 31, 2023, Audited Financial Statements for the Financial Year ended March 31, 2023 together with Auditor's Report with modified opinion thereon. The Audited Financial Results approved by the Board of Directors together with Statutory Auditor's Report thereon and statement on impact of audit qualifications pursuant to Regulation 33 of Listing Regulations as amended is enclosed herewith.
2. On the recommendation of Nomination & Remuneration Committee and subject to approval of members of the Company in the ensuing general meeting, the Board of Directors of the Company has approved the Change in Designation of Mr. Nikhil V. Merchant as Chairperson and Managing Directors of the Company.
3. Convening of the Extra Ordinary General Meeting (EGM) of the Members of the Company on Thursday, March 07, 2024 through Other Audio-Visual Means (OAVM) as permitted under the Ministry of Corporate Affairs Circular dated 25th September, 2023 and read with the SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/167 dated 07th October, 2023 allowing the Companies to convene General Meetings electronically.

The same may please be taken on record and suitably disseminated to all concerned.

The meeting of the Board of Directors of the Company commenced at 5 :00 PM and concluded at 7:05 P.M.

Thanking you,

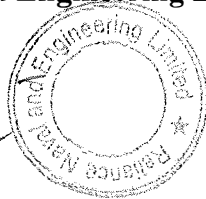
Yours faithfully,

For **Reliance Naval and Engineering Limited**



(Vishant Shetty)

Company Secretary

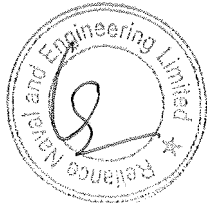


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The information pursuant to Regulation 30 of the SEBI Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, is as follows:

Sr. No.	Particulars	Details
1.	Reason for change viz. appointment, re-appointment, resignation, removal, death or otherwise;	Re Designated as Chairperson and Managing Directors
2.	Date of appointment and terms of appointment	08 th December, 2023
3.	Brief profile (in case of appointment);	Mr. Nikhil Vasantlal Merchant (DIN: 00614790), aged 64 years, has done his B.S. (Textile Engineering) from Philadelphia College of Textiles & Science, Diploma in Man Made Textiles Chemistry from SASMIRA and Management Education Programme from I.I. M., Ahmedabad. Mr. Nikhil Merchant is presently serving as Managing Director on the Board of Swan Energy Limited; he is also associated with many other companies, associations and committees on various positions. Mr. Nikhil has travelled extensively in India and abroad and possesses in overall more than 35 years of vast experience in Management, Operations, Business Planning & Implementation.
4.	Disclosure of relationships between directors (in case of appointment of a director).	Mr. Nikhil Merchant is a brother of Mr. Paresh Merchant, father of Mr. Bhavik Merchant and uncle of Mr. Vivek Merchant
5.	Information as Required pursuant to BSE circular with ref No. LIST/COMP/14/2018-19 National Stock Exchange of India Ltd with ref No NSE/CML/2018/24 dated 24 th June, 2018	Mr. Nikhil Vasantlal Merchant is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority





Independent Auditor's Report on Audit of Quarterly and Annual Standalone Financial Results of Reliance Naval & Engineering Limited (the 'Company') pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
**The Board of Directors of
Reliance Naval and Engineering Limited**

1. Disclaimer of Opinions

We have audited the accompanying statement of standalone financial results of Reliance Naval and Engineering Limited (hereinafter referred to as "the Company"), for the Quarter and year ended March 31, 2023, attached herewith, being submitted by the company pursuant to the requirements of regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

We do not express an opinion on the accompanying results. Because of the significance of the matters described in the "Basis of Disclaimer of Opinion" paragraph 2 below, and the uncertainties involved, we have not been able to obtain sufficient and appropriate audit evidences to provide a basis for our opinion as to whether the accompanying Standalone Financial Results:

- are presented in accordance with requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended; and
- gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India of the net loss and total comprehensive loss and other financial information of the Company for the quarter and year ended March 31, 2023.

2. Basis for Disclaimer of Opinion

The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") had replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated May 05, 2020.

Mumbai Office :

#3,13th Floor, Trade Link,
'E' Wing, 'A' Block,
Kamala Mills, Lower Parel,
Mumbai-400013

Corporate Office :

Pipara Corporate House,
Near Gruh Finance,
Netaji Marg, Law Garden,
Ahmedabad-380006

Delhi Office :

1602,16th Floor,
Ambadeep Building,
K. G. Marg,
New Delhi -110001

New York Office :

1270, Ave of Americas
FL7, Rockefeller Center
New York - 10020
(646) 387 2034



The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant) in the CIRP of Reliance Naval and Engineering Limited was approved by the members of committee of creditors of the Company (CoC) in their meeting, and subsequently been approved/allowed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) on December 23, 2022. With the approval of the Resolution Plan, the CIRP of the Company has therefore concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from December 23, 2022. Further, as per the terms of the approved Resolution Plan, a monitoring committee was constituted (to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company shall be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan). The Successful Resolution Applicant has deposited upfront payment tranches on October 27, 2023, as per approved Resolution Plan and the same has been received in the designated bank account of Reliance Naval and Engineering Limited. Further, as per the sanctioned resolution plan, the second tranche of deferred payment of Rs. 312 Crore was to be made by SRA on December 23, 2023; however, SRA has taken approval of NCLT for an extension of one year to pay the second tranche. Accordingly, the second tranche will become due on December 23, 2024.

The said matter has been discussed in the monitoring committee held on October 30, 2023, November 24, 2023 and January 04, 2024, wherein the monitoring committee has acknowledged the receipt of upfront payment and accordingly the monitoring committee got discharged on January 04, 2024. Monitoring committee have appointed M/s P.C. Patni & Company as monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.

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

The financial statement for the quarter and year ended have been prepared on the basis of the trial balance for the period ended March 31, 2023 which is on the basis of the carrying balance of assets and liabilities as at March 31, 2020 and inturn as at March 31, 2021 and March 31, 2022. Prior to the commencement of CIRP, the Board of Directors, whose executive powers were subsequently suspended during the CIRP, had oversight on the management of the affairs of the Company together with the KMPs for the year ended March 31, 2020. Thus, the new management does not assure accuracy and reliability of the opening balances as at April 01, 2020.

The primary purpose of publishing the financial results is for the compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations").

The results for the FY 2022-23, have been finalized on February 13, 2024. Accordingly, as required under "SA 560 - Subsequent Events" we have performed audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the results and the date of the auditor's report that require adjustment of, or disclosure in, the financial results have been identified and accordingly dealt with in the standalone financial results and the limited review report. However, although the upfront payment/ initial payment has been made by SRA on October 27, 2023, the necessary adjustment as required as



per Resolution Plan has not been accounted in the result for the quarter and year ended March 31, 2023 and will be dealt with in the subsequent period and when RA has taken control of the management of the Company. Accordingly, the impact of subsequent event has not been considered by the new management in the accompanying results and our report is qualified for such non-adjustment.

We draw attention to the below mentioned points pertaining to various elements of the results that may require necessary adjustments/disclosures in it including but not limited to an impact on the ability to continue as a going concern and these adjustments when made, may have material and pervasive impact on the outcome of the Statement for the quarter and year ended March 31, 2023. Accordingly, pending these adjustments including certain major points mentioned below and unavailability of sufficient and appropriate evidence in respect of these items, we are unable to express our conclusion on the attached result of the Company.

- i. The aggregate carrying value of Property, Plant and Equipment (PPE), Right of Use Asset (ROU Asset), Capital Work in Progress (CWIP), Investments, Other Non-Current Assets, Inventories, Trade Receivables, Cash & Cash Equivalent and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc.) is Rs. 3,61,789 Lakhs. The Company has not taken into consideration any impact of impairment in the value of tangible, financial and other assets, if any, in preparation of Financial Statements and has not made full assessment of impairment as required Ind AS 36 - Impairment of Assets" and "Ind AS 109 - Financial Instruments" if any, as on March 31, 2023 in the carrying value of the above assets. Hence, we are unable to comment on the quantum of provision/impairment to be made on the assets appearing in the accompanying standalone audited financial results.
- ii. As on March 31, 2023 the company has given Security Deposits (short-term and long-term) amounting to Rs. 9,373.28 Lakhs. Out of the said security deposits, an amount of Rs. 7,370 Lakhs is with one of the related party i.e., E-Complex Private Limited ("ECPL") towards the land taken on lease. E-Complex Private Limited ("ECPL") has been admitted under NCLT and CIRP Process was completed as per NCLT order dated December 04, 2023 and hence the recoverability of the same may be doubtful. Further, the recoverability of the Security Deposits deposited with Court against certain ongoing legal cases, amounting to Rs. 1,777.97 Lakhs, are subject to the outcome of the said cases.
- iii. For the period ended March 31, 2023, the company has Gross Trade Receivables for Rs. 79,508.24 Lakhs, out of which provision for doubtful debt/Expected Credit Loss has been created for Rs. 79,508.24 Lakhs in the previous financial years. The detailed party wise breakup of the same was not available with those charged with governance and the officials of the Company. Hence, we are unable to review the party-wise listing of Rs. 79,508.24 Lakhs and accordingly necessary audit procedures couldn't be performed on the same.
- iv. In absence of bank confirmations for 37 current accounts, as required under SA 505 - External Balance Confirmation, having a book balance of Rs. 797.39 Lakhs as on March 31, 2023 and borrowings amounting to Rs. 18,99,608.45 Lakhs; also, non-availability of Bank account statements for 33 current accounts having a book balance of Rs. (4.87) Lakhs as on March 31, 2023, led to incomplete supporting for our audit opinion. Hence, we are unable to comment on the bank transactions as well as the closing balances as appearing in the books of accounts for the said bank balances.



- v. The finance cost appearing in the accompanying results are based on the transactions accounted in the accounting system on estimated basis, and hence our report is qualified in this matter.

Company has not made any adjustment in its borrowing of financial creditor as on March 31, 2023 by comparing the same with the total amount proposed to be paid to the financial creditor in the approved resolution plan also no interest is provided by the management for the current quarter, as the SRA has deposited upfront amount as per approved resolution plan before the closure of books of accounts for the current period. Accordingly, our report has qualified in this matter.

- vi. Company has not made any adjustment in its liability of operational creditor as on March 31, 2023 by comparing the same with the total amount proposed to be paid to the operational creditor in the approved resolution plan. Accordingly, our report has qualified in this matter.

- vii. With respect to a contract with Indian Navy 255/DSP/C/11-12/NOPVs (5), the Ship Building Trade Receivable from Indian Navy was Rs. 1,68,431.42 Lakhs as on June 30, 2020. As per the explanation and information received from the management, the Ministry of Defense has sent Show Cause Notice to the company for termination of contract against which the company has filed writ petition and stay application before the Delhi High Court on February 15, 2020. The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the Ministry of Defense 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 Ministry of Defense in relation to termination of the NOPV Contract is adverse to the interest of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company. Although the Ministry of Defense has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which were in advance stages of completion by outsourcing the remaining work to a PSU shipyard. However, the proposal submitted by the Company was not agreeable by Ministry of Defense. Accordingly, the contract was terminated vide letter dated September 21, 2020. In response to which, company has filed an application challenging the order in National Company Law Tribunal on October, 2020 which is pending for further hearing.

Considering the above event, the total receivables for shipbuilding contract including bank guarantee invoked by Ministry of Defense amounting to Rs. 1,68,431.42 Lakhs have been considered for the impairment testing by the management and below mentioned accounting effects has been considered under the unaudited financial results for the quarter ended June 30, 2020.

Particular	Amount (Rs. in Lakhs)
Total receivable balance of NOPV contract as on June 30, 2020 before considering for the impairment testing (A)	1,68,431.42
Sub-Total (A)	1,68,431.42



1) Increase in Inventory-WIP to the extent of the actual cost incurred till March 31, 2020**	1,38,788.68
2) Reversal of the provisional liability accounted basis the calculation of contract revenue as per Ind AS 115 and AS-7	23,107.97
3) Excess Receivable balance written off (Shown under the exceptional item)	6,534.77
Sub-Total (B)	1,68,431.42

** Company had not undertaken the impairment testing of the inventory as explained in point above.

Further, in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (NOPV), we are unable to comment on the quantum of the impairment/provision to be accounted for with respect to Advance given to vendor related to NOPV and inventories relating to the said project (NOPV) in the audited standalone financial result for the period ended March 31, 2023.

viii. The Company has the contract with Indian Navy for the construction of ships (CGTS and FVP) vide contract no. CGTS-AQ/0737/01 and FVP - AQ/0542/14 respectively. The Ship Building Contract receivable from CGTS and FVP were Rs. 8,991.67 lakhs and Rs. NIL respectively, as on June 30, 2020 appearing as Ship Building trade receivable under Other Current Assets. As per the explanation and information received from the management, the Ministry of Defense has sent cancellation Letters to the company for termination of contract on July 14, 2021. The company has not taken any legal action against the said cancellation letters however, the same is contemplated.

Subsequent to previous years ended March 31, 2020, the Ministry of Defense has invoked the Bank Guarantees including Performance Guarantees given to them against the Advances received by the Company.

Considering the above event, the total receivables from shipbuilding contracts amounting to Rs. 8,991.67 lakhs and Rs. 0 (NIL) from CGTS and FVP respectively have been considered for impairment testing by the management and accounting effects (as represented below) have been considered in the audited financial results for the quarter ended September 30, 2020.

Particular	(Amount in Lakhs)	
	CGTS	FVP
Ship Building Contract Receivable (A)	7,599.01	NIL
Advance received from Customer	NIL	(4,017.06)
Sub-Total (A)	7,599.01	(4,017.06)
1) Increase in Inventory-WIP to the extent of the actual cost incurred till June 30, 2020	15,274.79	4,312.14
2) Advance from Customers on account of Cancellation of Contract*	(7,675.77)	(8,365.07)
3) Reversal of Profit booked on account of the Contract (Shown under the exceptional item)	-	35.86
Sub-Total (B)	7,599.01	(4,017.06)



*Since the Ministry of Defense has already encashed the Bank Guarantees provided against the Advances Received by Reliance Naval and Engineering Limited, the same has been recorded by the Company as financial Liability and hence liability for advance received from customer towards CGTS and FVP amounting to Rs. 16,040.84 lakhs have been reversed and shown under the exceptional item in the audited financial statement for the year ended March'2021.

RP has filed I.A. in NCLT against cancellation of order, pending the final decision by NCLT and the MOD which is due for hearing, no provision/adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the results.

An action against this termination by way of a petition in NCLT is filed in March 2022. Pending the final decision in the matter no provision / adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above results.

Further, the company had not conducted the impairment testing for the above inventory as on quarter ended March 31, 2023 for the reason as stated above and accordingly, our report is qualified to that extent.

- ix. ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award, no provision has been made against Work in progress amounting to Rs. 5,684 Lakhs and Advance against purchase of Material/ Services and Inventories. Further, in absence of the working for Advance against purchase of Material/ Services and inventories relating to the said project (OSVs), we are unable to comment on the quantum of the provision/adjustments to be accounted for with respect to Advance given to vendor related to OSVs and inventories relating to the said project (OSVs) in the audited standalone financial result for the quarter ended March 31, 2023.
- x. Company had not conducted physical verification of inventory as on March 31, 2023. Hence, we are unable to comment on the adequacy of physical verification process of the company.
- xi. The reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was undertaken by the management of the Company based on the information available with them, however the adjustment with respect to employee cost has not been accounted in the books of accounts. The same will impact the result of the company for the period ended March 31, 2023 and accordingly we have qualified our opinion on this matter, for non-accounting of these differences in the books of accounts.

3. Emphasis of Matter Para

- i. We draw your attention to Note No. 08 of the audited financial results which states that there was a large-scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit the company premises at Pipavav, Gujarat during May 2021. The company has taken up the matter with insurance company for assessing the



damage and settlement of claims. Pending the outcome, no provision has been made in the accounts for quarter ended March 31, 2023.

- ii. We draw your attention to Note No. 23 of accompanying audited financial results which state that during the period scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 2022 is Rs. 2,961 lakhs, which has been sold at Rs. 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts in respective period amounting to Rs. 1,805 lakhs as per relevant financial reporting framework.
- iii. We draw your attention to Note 9 and 10 of the audited financial results which states that the company has 5 subsidiaries and 1 associate out of which three wholly owned subsidiaries of the Company were admitted under NCLT and IRP / RP were appointed and accordingly investment in these companies have been impaired in previous years. Following is the status of Subsidiary and Associate Companies;

Sr. No.	Name of Company	Nature of Entity	Status
1	E Complex Private Limited	Subsidiary	Resolution Plan Approved on December 04, 2023
2	RMOL Engineering and Offshore Limited	Subsidiary	Under Liquidation
3	REDS Marine Services Limited	Subsidiary	Under Liquidation
4	Reliance Technologies and Systems Private Limited	Subsidiary	Ongoing
5	PDOC Pte. Limited	Subsidiary	Ongoing
6	Conceptia Software Technologies Private Limited	Associate	Ongoing

- iv. We draw your attention to Note 11 of the audited financial results which states that as per Regulation 33(3)(b) of the SEBI LODR Regulations, 2015 which provides that in case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the management is not in a position to provide the consolidated financial statements, as the subsidiaries of the Company are separate legal entities, also currently few subsidiaries' companies are under the CIRP Process, and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. The management has obtained the information with respect to one associate company, but the said information is not in its entirety for the purpose of consolidation. In view of the above, the Company has only prepared Standalone Financial Statements for the period. Accordingly, Company has not complied with the SEBI LODR to this extent.
- v. We draw your attention to Note no 26 of the audited financial results which states that Company's CS resigned on May 28, 2022 and the Ex-CFO on May 31, 2022. Company had informed the Exchange on February 04, 2023 regarding Appointment of Mr. Rishi Chopra as Chief Financial Officer of the company w.e.f. February 03, 2023. Further, on December 08, 2023, Mr. Vishant Shetty is appointed as a CS of the Company.



- vi. The company is irregular in payments of Statutory dues and has not filed GST Annual Return for the FY 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 and has also not conducted GST Audit, wherever applicable for the said period.
- vii. We draw your attention to Note no 24 of audited financial results which states that the Company has accounted certain expenses grouped under other expenses related to previous financial years. During the period, prior period income and expenses were booked amounting to INR 69.73 lakhs income and INR 352.46 lakhs expenses net off amounting to INR 282.72 lakhs expense and prior period purchases were booked amounting to INR 20.63 lakhs. Accordingly, the expenses were understated by the management to that extent in previous period.
- viii. We draw your attention on note no. 27 of accompanying audited financial results which state that the AGM for the year ended on March 31, 2021 and March 31, 2022, could not be held due to operational and compliance issues.
- ix. We draw your attention on note no. 19 of accompanying audited financial results which inter-alia state that, as per regulatory compliance, the company is required to appoint and conduct an internal audit for FY 2022-23. The internal auditor is not appointed for the period ending March 31, 2023.
- x. We draw your attention to note no. 21 of accompanying audited financial results which states that the Company has not recognized net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realized considering its present order book and anticipated orders and opportunities in the defense sector as evidences.
- xi. We draw your attention to note no. 28 of accompanying audited financial results which states that the RNEL had undertaken one project of repair and retrofit work of ONGC rig Sagar Gaurav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL, full and final settlement of INR 40,15,517/- was received on February 22, 2023.
- xii. We draw your attention to note no. 22 of accompanying audited financial results which state that during the internal stock verification process, we have noted some discrepancy in aluminum sheets and a general diary has been filed on August 28, 2022 for the same and the impact of loss on the inventory is accounted in the books of accounts in quarter ended September 30, 2022 amounting to Rs. 9.93 lakhs.
- xiii. We draw your attention to note no. 25 of accompanying audited financial results which state that Mr. Rachakonda Venkata Ramana and Ms. Shibby Joby have resigned as directors effective from September 30, 2023 due to personal reasons. New Management has appointed following additional directors on the board of the Company

Name of Director	Designation	Date of Appointment
Nikhil Vasantlal Merchant*	Chairman & Managing	08-12-2023



	Director	
Paresh Vasantlal Merchant	Director	08-12-2023
Bhavik Nikhil Merchant	Director	08-12-2023
Vivek Paresh Merchant	Director	08-12-2023
Kaiyoze Beji Billimoria	Independent Director	14-12-2023
Ashishkumar Bairagra	Independent Director	14-12-2023
Arun Sinha	Independent Director	14-12-2023
Prabhakar Reddy Patil	Independent Director	16-12-2023
Maya Swaminathan Sinha	Independent Director	14-12-2023
Arvind Jayasing Morbale	Whole-time Director	14-12-2023

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

4. Management's Responsibilities for the Statements

This Statement, which includes the Standalone Financial Results is the responsibility of the Board of Directors and has been approved by management for the issuance. The Statement has been compiled from the related audited standalone financial statements for the year ended March 31, 2023, and interim financial information for the quarter ended March 31, 2023 being the balancing figure between audited figures in respect of the full financial year and the audited year to date figures up to the third quarter of the current financial year. This responsibility includes the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, 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 are also responsible for overseeing the financial reporting process of the Company.

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

5. Auditor's Responsibilities for the Audit of the Financial Results

Our responsibility is to express an audit opinion on these Standalone Financial Results. However, because of the significance of the matters described in paragraph 2 and 3 above, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion on these Standalone Financial Results and hence we do not express an opinion on the aforesaid Standalone Financial Results.

We are independent of the Company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.

6. Going Concern Assessment

We draw your attention to the Note no. 2 of the Statement of audited financial results for the quarter and year ended March 31, 2023, regarding the preparation of audited Standalone financial results of the Company on going concern basis, notwithstanding the fact that the Company continues to incur the cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to its lenders, non-current assets are significantly impaired, current liabilities exceed total assets of the Company, major customers have cancelled the orders, termination notice received to terminate the sub concession lease agreement of land parcel on which Company's EOU unit operates etc. As mentioned above, since the resolution plan of Hazel Mercantile Limited is approved and the new management is in the process reinitiating operations of the Company, the audited standalone financial results is continued to be prepared on going concern basis. However, there exists material uncertainty about the Company's ability to continue as a going concern. The appropriateness of preparation of these audited financial results for the quarter and year ended March 31, 2023 on going concern basis is critically dependent upon the future business plan of Company.

In light of the matters indicated above, in our opinion, the company's ability to continue as Going Concern is severely impacted. The underlying results have been prepared by the company on a going-concern basis, resulting in non-statement of assets at their recoverable position (as against currently stated at their brought forward values plus/minus transactions), the quantification of which would be reflected in the subsequent results and / or review reports / annual reports.

7. Other Matters

- i. Due to non- payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other statutes and regulations.



- ii. As the final outcome of the secretarial audit report is pending and due to non-payment of various statutory liabilities, there may be potential non-compliances under the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, FEMA and other statutes and regulations. Furthermore, pursuant to the NCLT order dated December 23, 2022, the company has sought waivers for interest and penalties levied by regulatory authorities for periods preceding the aforementioned order date.
- iii. The comparative Ind AS financial information for the quarter ended December 31, 2022 and for the quarter and year ended March 31, 2022 are included in these Standalone Financial Results, on which we have issued a disclaimer of opinion dated December 08, 2023 and disclaimer of opinion dated December 16, 2022, respectively.

For Pipara & Co LLP
Chartered Accountants
FRN: 107929W/W100219



Bhawik Madrecha
Partner
M. No: 163412



Place: Mumbai
Date: February 13, 2024

UDIN: 24163412BKCAGJ3779


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

Rs in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Audited	Unaudited	Unaudited	Audited	Audited
1	Revenue from Operations	-	40	79	316	632
2	Other Income	16	70	440	460	1,107
3	Total Income (1+2)	16	110	519	776	1,739
4	Expenses					
	(a) Cost of Materials Consumed	3	1	6	26	110
	(a) Cost of Raw Material Sold	-	-	-	-	-
	(c) Changes in Inventories of Work in Progress & Scrap	-	-	-	-	-
	(d) Employee Benefits Expenses	69	85	97	326	480
	(e) Labour/Fabrication and Subcontractor Charges	126	187	130	528	624
	(f) Power, Fuel and Water	121	170	170	567	498
	(a) Cost Estimated for Revenue Recognised	-	-	-	-	-
	(h) Foreign Exchange Difference (net)	-	-	-	-	-
	(i) Provision for Non-Moving Inventory	-	-	-	-	-
	(j) Other Expenses	148	945	587	3,921	1,581
	Total Expenses	467	1,388	990	5,388	3,293
5	Profit / (Loss) from Operations before Depreciation / Amortisation cost and Finance Cost (3-4)	(451)	(1,278)	(471)	(4,612)	(1,554)
6	Finance Costs	417	50,833	49,257	1,51,350	1,99,857
7	Depreciation and Amortisation Expenses	1,686	1,718	1,826	6,825	7,356
8	Loss Before Exceptional Items (5-6-7)	(2,554)	(53,829)	(51,554)	(1,62,787)	(2,08,807)
9	Exceptional Items (Refer Note 22)	-	-	-	(10)	166
10	Loss before Tax (8+9)	(2,554)	(53,829)	(51,554)	(1,62,797)	(2,08,641)
11	Income Tax for Earlier Years	-	-	-	-	-
12	Deferred Tax Credit / (Reversal)	-	-	-	-	-
13	Loss After Tax (10+11+12)	(2,554)	(53,829)	(51,554)	(1,62,797)	(2,08,641)
14	Other Comprehensive Income					
	Items that will not to be reclassified to profit and loss in the subsequent year					
	(i) Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-
	(ii) Add:- Consolidated share in the profit/(loss) of associate	-	-	-	-	-
	Total Other Comprehensive Income for the period/year	-	-	-	-	-
15	Total Comprehensive Income for the period/year (13+14)	(2,554)	(53,829)	(51,554)	(1,62,797)	(2,08,641)
16	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,759	73,759	73,759	73,759
17	Other Equity	-	-	-	(19,75,776)	(18,12,979)
18	Earnings Per Share (EPS) (* Not Annualised)					
(a)	Basic EPS (Rs.)	* (0.35)	* (7.30)	* (6.99)	(22.07)	(28.29)
(b)	Diluted EPS (Rs.)	* (0.35)	* (7.30)	* (6.99)	(22.07)	(28.29)




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BY**



**PIPARA & CO LLP
CHARTERED ACCOUNTANTS**

STATEMENT OF STANDALONE ASSETS AND LIABILITIES		<i>Rs in Lakhs</i>	
Particulars	As at March 31, 2023	As at March 31, 2022	
	Audited	Audited	
I ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	1,16,755	1,25,504	
(b) Right-of-use Assets	6,687	7,724	
(c) Capital Work in Progress	3,669	3,669	
(d) Intangible Assets	-	-	
(e) Financial Assets			
(i) Investments	153	153	
(ii) Deferred Tax Assets (net)	-	-	
(f) Other Non Current Assets	7,631	7,631	
Total Non Current Assets (A)	1,34,895	1,44,681	
(2) Current Assets			
(a) Inventories	2,08,577	2,08,632	
(b) Financial Assets			
(i) Trade Receivables	-	81	
(ii) Cash and Cash Equivalents	798	2,782	
(c) Current Tax Assets (net)	293	333	
(d) Other Current Assets	17,226	17,544	
Total Non Current Assets (B)	2,26,894	2,29,372	
TOTAL ASSETS (A+B)	3,61,789	3,74,053	
II EQUITY AND LIABILITIES			
(1) (a) Equity Share Capital			
(a) Equity Share Capital	73,759	73,759	
(b) Other Equity	(19,75,776)	(18,12,979)	
Total Equity (A)	(19,02,017)	(17,39,220)	
(2) Liabilities			
2.1 Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	1,428	1,343	
(ii) Lease Liability	7,892	8,691	
(b) Provisions	-	31	
Total Non Current Liabilities (B)	9,320	10,065	
2.2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2,88,284	2,87,284	
(ii) Lease Liability	799	633	
(iii) Trade Payables			
Total outstanding dues of micro and small enterprises	754	754	
Total outstanding dues of creditors other than micro and small enterprises	35,854	33,269	
(iv) Other Financial Liabilities	19,14,736	17,65,755	
(b) Other Current Liabilities	3,633	4,518	
(c) Provisions	11,026	10,995	
Total Non Current Liabilities (C)	22,54,486	21,03,208	
TOTAL EQUITY AND LIABILITIES (A+B+C)	3,61,789	3,74,053	

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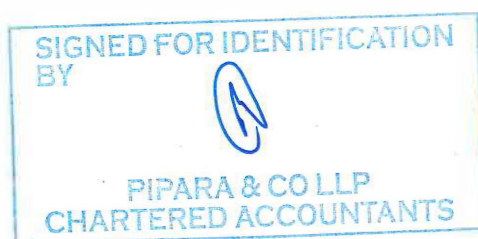


Audited Standalone Cash Flow Statement for the year ended March 31, 2023

Sr. Particulars	Rs in Lakhs	
	2022 - 2023	2021 - 2022
A Cash Flow from Operating Activities		
Net Loss before Tax	(1,62,797)	(2,08,639)
Adjustments for :-		
Depreciation and Amortisation Expenses	6,825	7,396
Interest Income	(12)	(22)
Loss on Sale of Plant, property and equipments (net)	1,805	-
Finance Costs	1,51,350	1,99,857
Operating cash flow before working capital changes	(2,829)	(1,408)
Movement in Working Capital		
(Increase) / Decrease in Inventories	55	256
(Increase) / Decrease Trade and Other Receivables	399	(311)
Increase in / (Decrease) Trade and Other Payables	1,50,534	2,02,176
Cash Used in Operations	1,48,159	2,00,713
Direct Taxes (Paid) / Refund	39	14
Net Cash from Operating Activities	1,48,198	2,00,727
B Cash Flow from Investing Activities		
Sale of Property, Plant and Equipment and Capital Work in Progress	1156	-
FD kept with bank	-	213
Interest Received	12	22
Net Cash from Investing Activities	1168	235
C Cash Flow from Financing Activities		
Finance Costs	(1,51,350)	(1,99,858)
Net Cash used in Financing Activities	(1,51,350)	(1,99,858)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,984)	1,104
Cash and Cash Equivalents at the beginning of the year	2782	1678
Cash and Cash Equivalents at the end of the year (refer note 8)	798	2,782

Notes :

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



Notes :

01 On September 4th, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company").

The NCLT, vide its order dated January 15th, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also recorded the appointment of Mr. Rajeev Bal Sawangkar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code.

Subsequently, pursuant to the meeting held on March 13th, 2020, the Committee of Creditors (the "CoC") had replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT had approved the appointment of RP vide its order dated May 5th, 2020.

The Resolution Plan submitted by Hazel Mercantile Limited (Resolution Applicant) in the CIRP of the Company that was approved by the members of the CoC in their meeting, was approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) on December 23rd, 2022. With the approval of the Resolution Plan, the CIRP of the Company has been concluded and Mr. Sudip Bhattacharya has ceased to be the resolution professional of the Company, effective on and from December 23rd, 2022. Further, as per the terms of the approved Resolution Plan, a monitoring committee was constituted to oversee the implementation of the Resolution Plan, day-to-day operations and the management of the Company shall be carried out by the Monitoring Committee until the closing date as defined in the Resolution Plan. The monitoring committee is constituted of 5 (five) members: (a) 2 (two) members identified and appointed by the Resolution Applicant; (b) 2 (two) representatives identified and appointed by the Financial Creditors; and (c) 1st (first) member an independent insolvency professional.

The Successful Resolution Applicant has deposited upfront payment tranches on October 27th, 2023, as per the approved Resolution Plan and the same has been received in the designated bank account of the Company.

By January 4th, 2024, the majority of the payment to Financial Creditors, Operational Creditors, and Employees as per the approved plan along with CIRP and MC period Cost has been made. Hence it was decided in the MC meeting held on January 4th, 2024 that with effect from the said date the MC has ceased to exist, and the board of directors of the company is given full authority as per the Companies Act for management of affairs of the Company.

The monitoring committee has appointed M/s P.C. Patni & Company as a monitoring agency to review the cash flow and the proper implementation of the resolution plan by the Company.

The Company is in the process of ascertaining the impact of implementation of the approved resolution plan and necessary adjustments to be made in the books of accounts of the Company. This matter has accordingly been qualified by the auditors in their audit report.

As per the sanctioned resolution plan, an upfront payment of Rs. 200 Crore was to be made by SRA by March 23rd, 2023. SRA had taken approval from NCLT for an extension till November 15th, 2023 for depositing the same. The actual deposit was done on October 27th, 2023.

As per the sanctioned resolution plan, the second tranche of deferred payment of Rs. 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 second tranche. Accordingly, the second tranche will become due on December 23rd, 2024.

02 The above audited Standalone Financial Results of the Company for the period ended March 31st, 2023 have been taken on record by the Board of Directors of the Company as a going concern. The new management has been granted full control of the affairs of the Company with effect from January 4th, 2024 only.

03 The principal amount outstanding of the financial creditors (other than a body corporate) as per books of accounts is different from the amount claimed. Considering the monitoring committee has not been discharged as on March 31st, 2023 and the implementation of the resolution plan is still going on, as on that date, the Company has not made any adjustment in its borrowing of financial creditors (other than body corporate) as on March 31st, 2023. Accordingly, the auditor has qualified in this matter in the Limited review report.

04 Amount of claim received, admitted, payable as per resolution plan and the corresponding payment made to financial creditors, operational creditors and employees has been uploaded on the website of the company.

05 ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the award no provision has been made against Work in progress (Rs. 5,684 lakhs), Advance against purchase of Material/ Services, Liquidated Damages Provisions and Inventories, which has been qualified by the auditors in their audit report.

06 As on March 31st, 2020, the Company had shipbuilding contracts receivables of Rs. 173,959.62 lakhs, including invocation of the bank guarantees amounting to Rs. 93,739 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3rd, 2020, the Company had received a Show Cause Notice from the Ministry of Defence for termination of aforesaid Contract. In response to the Notice, the Company replied to the notice and also filed a writ petition along with 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 termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company.

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

RP has filed I.A. in NCLT against cancellation of order. Pending the final decision by NCLT and the MOD which is due for hearing, no provision/adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above results, which has been qualified by the auditors in their audit report.

In addition to above, the Company has also received the notice cancelling two contracts i.e. CGTS and 14 FPVs from coast guard (MOD) in July 2021. The MOD has also encashed the BG's amounting to Rs. 21,182.74 lakhs. An action against this termination by way of a petition in NCLT is contemplated. Pending the final decision in the matter no provision / adjustments for Advance against purchase of Material/ Services, Liquidated Damages Provisions and inventories has been made in the above results.



- 07 The aggregate carrying value of Property, Plant and Equipment (PPE), Right of Use Asset (ROU Asset), Capital Work in Progress (CWIP), Investments, Other Non-Current Assets, Inventories, Trade Receivables, Cash and cash Equivalent and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc.) is Rs. 361.789 lakhs. The company has not taken into consideration any impact on the value of tangible, financial, and other assets, if any, in preparation of Financial Statements and has not made a full assessment of impairment as required by the applicable Ind AS, if any, as on March 31st, 2023 in the carrying value of the above assets, which has been qualified by the auditors in their audit report.
The company has not taken into consideration any impact on the value of tangible, financial, and other assets, if any, in preparation of Financial Statements and has not made a full assessment of impairment as required by the applicable Ind AS, if any, as on March 31st, 2023 in the carrying value of the above assets, which has been qualified by the auditors in their audit report.
- 08 There was a large scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit company premises during May 2021. Company has taken up the matter with insurance company for assessing the damage and settlement of claims. Pending the outcome no provision has been made in the accounts for period ended March 31st, 2023.
- 09 During the financial year 2019 - 2020, RMOL Engineering and Offshore Limited, a wholly-owned subsidiary of the Company was admitted under the Corporate Insolvency Resolution Process (CIRP) by the National Company Law Tribunal (NCLT), Ahmedabad Bench, and now Liquidator has been appointed in December 2021. The company has taken an impairment on the value of its investment.
- 10 Application filed in the NCLT, Ahmedabad Bench, by financial creditors against E-Complex Private Limited and REDS Marine Services Limited, wholly owned subsidiaries of the Company were admitted during 2020-21 and IRP / RP was appointed. While the CIRP process for E-Complex Private Limited is completed as per NCLT order dated December 4th, 2023, a liquidator has been appointed for REDS Marine Services Limited in September 2021. The investment of the Company in its subsidiaries has been impaired during the previous year(s).
- 11 As per the applicable accounting framework, the entity shall also submit consolidated financial statements for the period ending March, 31st, 2023. There are 5 (Five) subsidiaries of the Company and one Associate. This is to bring to your notice that the management is not in a position to provide the consolidated financial statements, currently few subsidiaries companies are under the CIRP Process, and non-operational and the team is facing huge difficulty in obtaining relevant data from the said subsidiaries. The management has obtained the information with respect to one associate company, but the said information is not in its entirety for the purpose of consolidation.
In view of the above, the Company has only prepared Standalone Financial Statements for the period.
- 12 The current year's Finance Cost includes Rs. 85.08 lakhs as interest on Interim Funding received during the CIRP Period, it has been treated as CIRP Cost. The current year's interest provided on the financial loans (apart from Interim Funding) has been recognized as per the applicable accounting standards.
- 13 The Company is engaged only in the business of Ship-building and Repairs. As such, there are no separate reportable segments.
- 14 The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial results that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 15 The figures for the quarter ended March 31st, 2023, are the balancing figures between the unaudited figure in respect of the nine-month financial and year-to-date audited financial results for the year ended March 31st, 2023. The figures for the previous periods and for the year ended March 31st, 2022, have been restated and regrouped to make them comparable with those of the current year.
- 16 The Financial Creditor from whom the company had taken a loan in foreign currency has submitted the claim for an outstanding loan and unpaid interest thereon in CIRP in INR. This claim has been accepted by the Resolution Professional. As a result, the loan amount with unpaid interest has not been restated at the current exchange rate. The amount payable at the current exchange rate is not more than the amount presently provided for in the books of accounts. As per company estimates, the company is charging 13% P.A. on the claim amount of all financial creditors. The rate of interest charged is much higher than the initial interest and on the principle of conservatism the company is not recognizing Foreign exchange gain. Such interest is calculated up to third quarter of the current financial year. No such interest is calculated for the fourth quarter, as the SRA has deposited upfront amount as per approved resolution plan before the closure of books of accounts for that period.
- 17 The reconciliation process between the books of account and Corporate Insolvency Resolution Process (CIRP) cost was undertaken by the management of the company based on the information available to them, the impact of the same is given in the above FS except for employee's cost.
- 18 Interest on Interim finance during CIRP period is considered as Interest accrued and due and the same has been paid on July 7th, 2023.
- 19 As per regulatory compliance, the company is required to appoint and conduct an internal audit for FY 2022-23. The internal auditor is not appointed for the year ending March 31st, 2023.
- 20 In respect of contract for supply of Offshore Support Vessels (OSVs), the customer i.e. Oil and Natural Gas Corporation of India (ONGC), has terminated the contract during the year 2018 - 2019 and invoked the performance and other bank guarantees given against the said contract. The Company has challenged the said action of ONGC by invoking arbitration in terms of the contract and hopeful of the positive outcome. However looking at the overall circumstances, the Company has valued the receivables from the contract at their fair market value and considered the same as work in progress.
- 21 The Company has not recognised net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as evidences.
- 22 During the internal stock verification process for the quarter ended September 30th, 2022, we have noted some discrepancy in aluminium sheets and a general diary has been filed on August 28th, 2022 for the same and the impact of loss on the inventory is given in the books of accounts amounting to Rs. 9.93 lakhs as per relevant financial reporting framework. The same is shown as exceptional item.

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- 23 During the year scrap sale of a fixed asset has been conducted for those assets damaged due to the cyclone that occurred in May 2021, the WDV value of those assets as on March 31st, 2022 is Rs. 2,961 lakhs, and the sale value is Rs. 1,156 lakhs. The impact of loss on the sale of fixed assets is given in the books of accounts amounting to Rs. 1,805 lakhs during the year ended as per the relevant financial reporting framework.
- 24 During the period prior period income and expenses were booked amounting to Rs. 69.73 lakhs income and Rs. 352.46 lakhs expenses net off amounting to Rs. 282.72 lakhs expenses and prior period purchases were booked amounting to Rs. 20.63 lakhs.
- 25 Mr. Rachakonda Venkata Ramana and Ms. Shibby Joby have resigned as directors effective from September 30th, 2023 due to personal reasons, and The cessation of Mr. Debashis Biri's tenure as Director, effective April 12th, 2021, occurred due to his unfortunate demise. 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 08th, 2023
Bhavik Nikhil Merchant	Director	December 08th, 2023
Vivek Paresh Merchant	Director	December 08th, 2023
Kalyaze Beji Billimoria	Independent Director	December 14th, 2023
Ashishkumar Bairogra	Independent Director	December 14th, 2023
Arun Sinha	Independent Director	December 14th, 2023
Prabhakar Reddy Palil	Independent Director	December 16th, 2023
Maya Swaminathan Sinha	Independent Director	December 14th, 2023
Arvind Jaysing Morbale	Whole-time Director	December 14th, 2023

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

- 26 The company's CS resigned on May 28th, 2022, and the Erstwhile CFO on May 31st, 2022. The company informed the Exchange on February 04, 2023, regarding the Appointment of Mr. Rishi Chopra as Chief Financial Officer of the company w.e.f. February 03, 2023. On December 8th, 2023 Mr. Vishant Shetty was appointed as CS of the Company.
- 27 The AGM for the year ended on March 31st, 2021 & March 31st, 2022, could not be held due to operational and compliance issues.
- 28 RNEL had one live project of repair and retrofit work of ONGC rig Sagar Gourav. Due to the suspension of power lines due to cyclone Tauktae, the rig repair work was delayed by 60 days and the final work on the rig was completed by the first week of May 2022. Based on the Final reconciliations for the project including certain out-of-scope work undertaken by RNEL and Counterparty, a full and final settlement of Rs. 40.15 lakhs was received on February 22nd, 2023.
- 29 On March 16th, 2020 and subsequent to year end on May 19th, 2020, the Gujarat Pipavav Port Limited ("GPPL") has issued a termination notice to terminate the Sub-concession Agreement for non payment of lease rent. The lease rent is paid subsequently. The agreement was entered between Gujarat Maritime Board ("GMB"), GPPL and the Company to sub lease the certain land parcels owned by GMB to the Company in order to carry out business activities.
- 30 Other Current Financial Liabilities Include a refundable security deposit of Rs. 500 Lakhs received from the prospective resolution applicant. On January 18th, 2023 the same has been repaid.



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

Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790
Place : Mumbai
Date : February 13th, 2024



**STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION)
SUBMITTED ALONG WITH ANNUAL AUDITED FINANCIAL RESULTS**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023

I.	Sr No	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs. In Lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lakhs
	1	Turnover / Total income	775.92	Not Determinable
	2	Total Expenditure	1,63,572.99	
	3	Net Profit (Loss)	-1,62,797.07	
	4	Earnings Per Share	-22.07	
	5	Total Assets	3,61,789.91	
	6	Total Liabilities	22,63,806.78	
	7	Net Worth	-19,02,016.87	
	8	Any other financial item(s) (as felt appropriate by the management)		

II. Audit Qualification (each audit qualification separately):

- a. **Details of Audit Qualification:** Please refer the audit report
- b. **Type of Audit Qualification:** Disclaimer of Opinion
- c. **Frequency of qualification:** Repetitive since March 2021 - Disclaimer of Opinion
- d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable
- e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not determinable

(ii) **If management is unable to estimate the impact, reasons for the same:**

Response to Points (i), (vii), (viii) & (ix) of the audit report:

The new management of the company has taken control from January 4th, 2024. The impact of the implementation of the approved resolution plan is being ascertained and necessary adjustments are yet to be made in the books of accounts of the Company. Hence the Management has not taken into consideration any impact, if any, on the value of the tangible, financial, and other assets, in preparation for Financial Results and has not made a full assessment of impairment as required by the applicable Ind AS, if any as on March 31, 2023 in the carrying value of the above assets.

With respect to point (ix), further to state that - Advances given and inventory have not been considered for impairment as the matter is currently sub judice.

Response to Point (ii) of the audit report:

The CIRP process for E-Complex Private Limited is completed as per the NCLT order dated December 4th, 2023 and the new management is in the process of ascertaining the impact of said order.

Response to Point (iii) of the audit report:

The data requested with respect to the provision entry relates to the Financial Year 2014-15. The provision entry was booked as a part of the first adoption of IND-AS. Due to a shortage of resources and reasons beyond control, the management is unable to retrieve information with respect to the provision so done. The new management of the company has taken control from January 4th, 2024 only.

Response to Point (iv) of the audit report:

The new management of the company has taken control from January 4th, 2024, and the management is in the process of getting details of all the operative and non-operative accounts of the company. Details of such operative accounts along with statements have been made available to the Auditor. All the above accounts mentioned in the disclaimer had no transaction during the relevant year.



Response to Point (v) of the audit report:

The new management of the company has taken control from January 4th, 2024. The impact of the implementation of the approved resolution plan is being ascertained and necessary adjustments to be made in the books of accounts of the Company.

Response to Point (vi) of the audit report:

The new management of the company has taken control from January 4th, 2024. The impact of the implementation of the approved resolution plan is being ascertained and necessary adjustments to be made in the books of accounts of the Company. Details amount of claim received, admitted, payable as per resolution plan and the corresponding payment made to financial creditors, operational creditors, and employees has been uploaded on the website of the company.

Response to Point (x) of the audit report:

The new management of the company has taken control from January 4th, 2024 and the management is in the process of complying with the pending compliances.

Response to Point (xi) of the audit report:

The new management of the company has taken control from January 4th, 2024, and the impact of the pending reconciliation and necessary adjustments to be made in the books of accounts of the Company.

(iii) **Auditors' Comments on (i) or (ii) above:** Refer our report containing disclaimer of opinion.

III. **Signatories:**

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



Mr. Nikhil Merchant
Chairman & Managing Director
DIN : 00614790



Mr. Arvind Morbale
Whole-time Director
DIN : 10366188



Mr. Rishi Chopra
Chief Financial Officer

Place : Mumbai
Date : February 13th, 2024

For Pipara & Co LLP
Chartered Accountants
Firm Reg. No. 107929W/W100219



Bhowik Madrecha
Partner
Membership No. 163412
Place : Mumbai
Date : February 13th, 2024

