

November 2, 2018

The General Manager
Corporate Relationship Department
BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street,
Mumbai- 400 001
BSE Scrip Code: 533107

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

Dear Sirs,

Sub: Statement of Unaudited Financial Results (Stand-alone) for the second quarter and half year ended September 30, 2018

Further to our letter dated October 26, 2018 and pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we enclose herewith Statement of unaudited Financial Results (Stand-alone) for the second quarter and half year ended September 30, 2018 of the Financial Year 2018-19 along with Limited Review Report by the Statutory Auditors of the Company.

The above financial results were approved by the Board of Directors at its meeting held on November 2, 2018. The meeting of the Board of Directors of the Company commenced at 06.10 P.M. and concluded at 06.50 P.M.

Summary of the Financial Results will be published in Newspapers as required under the Listing Regulations.

We request you to inform your members accordingly.

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 Uchchaya, Via Rajula, Dist. Amreli, Gujarat - 365 560. India.

Statement of Unaudited Standalone Financial Results for the Quarter and Half Year Ended September 30, 2018

Rs in Lakh

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year ended
		30-09-2018	30-06-2018	30-09-2017	30-09-2018	30-09-2017	31-03-2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
(a)	Revenue from Operations	5,732	3,523	8,329	9,255	24,809	33,517
(b)	Other Income	151	206	867	357	7,559	7,867
	Total Income	5,883	3,729	9,196	9,612	32,368	41,384
2	Expenses						
(a)	Cost of Materials Consumed	4,551	3,139	20,759	7,690	29,629	34,628
(b)	Cost of Raw Material Sold	1,490	-	-	1,490	-	-
(c)	Changes in Inventories of Work in Progress & Scrap	(4,040)	(298)	(5)	(4,338)	(7)	(160)
(d)	Excise Duty	-	-	-	-	8	8
(e)	Employee Benefits Expenses	606	710	880	1,316	1,768	3,377
(f)	Labour/Fabrication and Subcontractor Charges	693	408	2,864	1,101	6,852	10,017
(g)	Cost Estimated for Revenue Recognised (Refer note no 2)	(878)	(2,909)	(19,758)	(3,787)	(21,401)	(24,853)
(h)	Provision for Liquidated Damages	352	-	-	352	-	8,494
(i)	Provision for Impairment of Current Assets	-	-	-	-	-	10,289
(j)	Other Expenses	3,381	3,132	3,152	6,513	6,277	10,652
	Total Expenses	6,155	4,182	7,892	10,337	23,126	52,452
3	Profit/(Loss) from Operations before Depreciation/Amortisation Cost and Finance Cost (1-2)	(272)	(453)	1,304	(725)	9,242	(11,068)
4	Finance Costs	30,836	29,117	16,773	59,953	31,886	69,739
5	Depreciation and Amortisation Expenses	5,205	5,151	4,988	10,356	9,914	19,807
6	Profit / (Loss) Before Exceptional Items and Tax (3-4-5)	(36,313)	(34,721)	(20,457)	(71,034)	(32,558)	(1,00,614)
7	Exceptional Items - Refer note no 7	-	-	-	-	(16,319)	(16,240)
8	Profit / (Loss) before Tax (6 + 7)	(36,313)	(34,721)	(20,457)	(71,034)	(48,877)	(1,16,854)
9	Tax Expenses - Deferred Tax Credit	-	-	5,390	-	10,768	21,245
10	Profit / (Loss) for the period / year from continued operations (8+9)	(36,313)	(34,721)	(15,067)	(71,034)	(38,109)	(95,609)
11	(Loss) for the period / year	(36,313)	(34,721)	(15,067)	(71,034)	(38,109)	(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	-	10	9	10	(16)	41
(ii)	Income Tax effect	-	-	(3)	-	5	(13)
	Total Other Comprehensive Income for the period / year	-	10	6	10	(11)	28
13	Total Comprehensive Income for the period / year (11+12)	(36,313)	(34,711)	(15,061)	(71,024)	(38,120)	(95,581)
14	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	73,759	73,759	73,759	73,759	73,759	73,759
15	Other Equity (Reserves and Surplus)						(51,469)
16	Earnings Per Share (EPS) (* Not Annualised)						
(a)	Basic EPS (Rs.)	* (4.92)	* (4.71)	* (2.04)	* (9.63)	* (5.17)	(12.96)
(b)	Diluted EPS (Rs.)	* (4.92)	* (4.71)	* (2.04)	* (9.63)	* (5.17)	(12.96)



STATEMENT OF ASSETS AND LIABILITIES

Rs in Lakh

Particulars	Standalone	
	As at September 30, 2018	As at March 31, 2018
	Unaudited	Audited
I ASSETS		
(1) Non Current Assets		
Property, Plant and Equipment	4,76,936	4,86,777
Capital Work in Progress	4,48,173	4,48,618
Intangible Assets	9,300	9,813
Intangible Assets under Development	-	-
	9,34,409	9,45,208
Financial Assets		
Investments	2,087	2,087
Other Financial Assets	508	1,099
	2,595	3,186
Deferred Tax Assets (net)	34,493	34,493
Other Non Current Assets	11,387	11,379
	45,880	45,872
(2) Current Assets		
Inventories	68,880	69,842
	68,880	69,842
Financial Assets		
Investments	-	-
Trade Receivables	1,337	1,465
Cash and Cash Equivalents	6,258	7,678
Other Bank Balances	7,716	9,906
Current Loans	295	293
Other Current Financial Assets	11,052	11,052
	26,658	30,394
Current Tax (net)	940	1,350
Other Current Assets	1,71,889	81,822
	1,72,829	83,172
TOTAL ASSETS	12,51,251	11,77,674

Particulars	Standalone	
	As at September 30, 2018	As at March 31, 2018
	Unaudited	Audited
II EQUITY AND LIABILITIES		
(1) Equity		
Share Capital	73,759	73,759
Other Equity	(1,22,492)	(51,469)
	(48,733)	22,290
(2) Liabilities		
Non Current Liabilities		
Borrowings	22,590	96,753
	22,590	96,753
Provisions	241	241
Other Non Current Liabilities	5,624	5,624
	5,865	5,865
Current Liabilities		
Financial Liabilities		
Borrowings	5,17,758	3,68,490
Trade Payables		
(i) Due to Micro and Small Enterprise	283	266
(ii) Due to others	31,575	28,515
Other Current Financial Liabilities	6,69,264	5,99,948
	12,18,880	9,97,219
Other Current Liabilities	9,156	8,592
Provisions	43,493	46,955
	52,649	55,547
TOTAL EQUITY AND LIABILITIES	12,51,251	11,77,674



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Notes :

- 1 After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on November 2, 2018. The Statutory Auditors of the Company have carried out a limited review of the results.
- 2 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 will be adjusted to the statement of profit and loss as and when actual cost is incurred.
- 3 The company primarily is in the business of Ship Building and Ship Construction having state-of-the-art infrastructure facilities. 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 up since they are economically unviable. In defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. The above mentioned reasons have led to the significant reduction in the Company's current level of operations as compared to its capacity. However, the same may not be an indication of the future performance of the Company.

The above has resulted in temporary financial constraints on the Company due to losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Further, besides IFCI referred to in note 5 below, certain operational creditors and one of the secured lenders of the Company has 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. Also the Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, relating to quashing and setting aside the RBI Circular dated February 12, 2018, requiring in certain circumstances, banks to complusarily make a reference to NCLT under IBC, has vide its order dated September 11, 2018 ordered the status quo to be maintained. Next date of hearing by the Hon'ble Supreme Court is scheduled on November 14, 2018. The Company is engaged with the lenders to achieve the debt resolution.

Considering the Company's strength with a world class ship building and other infrastructure and its business plans through participation in several business opportunities in diverse sectors, both in and outside India, the Company is hopeful of arriving at the debt resolution plan with the lenders and resolving the existing financial situation. Also, the Board of Directors has formed a committee of directors to carry out an in-depth analysis with the help of the experts in the respective fields, to arrive at a workable solution by way of financial restructuring or otherwise for the Company and its wholly owned subsidiaries.

Pending such assessment by the Committee and implementation of its recommendations as regards financial restructuring, a) the Company continues to prepare its accounts on a going concern basis; b) the Company has suspended recognition of Deferred Tax Assets but the net deferred tax assets as at the end of previous financial year has been carried forward ;c) impairment testing of Non-current assets has not been carried out and the effect thereof, if any, will be considered after finalisation of the financial restructuring;
- 4 In respect of a partly fulfilled order for delivery of vessels, the customer has failed to take delivery of one completed vessel and has subsequently has terminated the contract and also invoked performance and other bank guarantees. The Company has challenged the said actions including invocation of guarantees in a writ petition. The Company has been advised that refusal of the customer to take the delivery of the vessel is untenable in law and accordingly the amount of Rs. 49770 lakhs paid by the banks to the customer as well as Rs. 2076 lakhs being amount unbilled to them is considered realisable as on September 30, 2018
- 5 The Company had issued a corporate guarantee for loan availed by Reliance Marine and Offshore Limited ("RMOL"), a wholly owned subsidiary, from IFCI Limited ("IFCI"). IFCI had issued a loan recall notice in FY 2017-18 to RMOL and subsequently applied for debt resolution under IBC against RMOL and the Company. In response to the said recall notice, the company and RMOL have requested IFCI to recover its dues by monetizing assets charged to secure the loan which, as per IFCI's own claim, is sufficient to meet the debt obligations of RMOL. The petition filed by the IFCI under IBC has not yet been admitted. Accordingly, no provision against the above corporate guarantee is considered necessary at this stage.
- 6 The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
- 7 Exceptional item for the period ended September 30, 2017 and year ended March 31, 2018 represent one time cost towards right of recompense payable to the lenders on exit from CDR.
- 8 The figures for the previous period / year have been regrouped and reclassified to make them comparable with those of current period.

Date : 02.11.2018
Place: Mumbai



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

INDEPENDENT AUDITOR'S REVIEW REPORT

To,
The Board of Directors
Reliance Naval and Engineering Limited
(Formerly known as Reliance Defence and Engineering Limited)

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results ("the statement") of **Reliance Naval and Engineering Limited** (Formerly known as Reliance Defence and Engineering Limited) ("the Company") for the quarter and half year ended September 30, 2018 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 5th July, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. For the reason explained in Note No. 3 of the Statement, the Company continues to carry forward net deferred tax assets recognised till 31st March, 2018 and no assessment of impairment in carrying value of non-current assets is performed even though the Company's current operating capacity is low, which are not as per the applicable Accounting Standards. Further, the Company continues to prepare its financial results on going concern basis. The Company has formed a committee of directors to carryout in-depth analysis with the help of experts in the respective fields, to arrive at workable solution and do financial restructuring of the Company and its subsidiaries. We are unable to quantify the impact on the financial results for the quarter and half year ended September 30, 2018 and on the statement of assets and liabilities as at September 30, 2018 on account of the various matters enumerated above as also in Note No. 3 of the Statement.



5. Emphasis of Matter

We draw your attention to the:

- i. Note 4 to the statement regarding the invocation of performance and other bank guarantees amounting to Rs. 49,770 Lacs by a customer and unbilled revenue amounting to Rs. 2,076 Lacs, which have been legally challenged by the company by filing a writ petition with The Hon'ble High Court of Bombay and have been considered as fully realizable due to reason mentioned therein.
- ii. Note 5 to the statement regarding applications under section 7 of the Insolvency and Bankruptcy Code, 2016 by IFCI Limited against the Company and Reliance Marine and Offshore Limited ("RMOL"), a wholly owned subsidiary of the Company for recovery of loan availed by RMOL, in respect of which, no provisions have been considered necessary at this stage for the reasons mentioned therein.

Our conclusion is not modified in respect of the above matters.

6. Based on our review conducted as stated above, except for the possible effects of our observation in para 4 above, read with our comments in para 5 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed or that it contains any material misstatement.

For Pathak H.D. & Associates
Chartered Accountants
Firm Registration No. – 107783W



A handwritten signature in blue ink, appearing to read "Gyandeo Chaturvedi".

Gyandeo Chaturvedi
Partner

Membership No. – 46806

Place: Mumbai

Date: November 02, 2018