

RELIANCE NAVAL AND ENGINEERING LIMITED
(formerly known as Reliance Defence and Engineering Limited)
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018.

SI	Particulars	Rs Lakhs			
		Quarter Ended			Year ended
		30-06-2018	31-03-2018	30-06-2017	31-03-2018
		Unaudited	Audited	Unaudited	Audited
1	Income				
(a)	Revenue from Operations	3,523	3,309	16,480	33,517
(b)	Other Income	206	167	6,692	7,867
	Total Income	3,729	3,476	23,172	41,384
2	Expenses				
(a)	Cost of Materials Consumed	3,139	1,883	8,870	34,628
(b)	Changes in Inventories of Work in Progress & Scrap	(298)	(111)	(2)	(160)
(c)	Excise Duty	-	-	8	8
(d)	Employee Benefits Expenses	710	866	888	3,377
(e)	Labour/Fabrication and Subcontractor Charges	408	1,002	3,987	10,017
(f)	Cost Estimated for Revenue Recognised (Refer note no 2)	(2,909)	(270)	(1,643)	(24,853)
(g)	Provision for Liquidated Damages	-	8,494	-	8,494
(h)	Provision for Impairment of Current Assets	-	10,289	-	10,289
(i)	Other Expenses	3,132	2,777	3,126	10,652
	Total Expenses	4,182	24,930	15,234	52,452
3	Profit/(Loss) from Operations before Depreciation/Amortisation cost and Finance Cost (1-2)	(453)	(21,454)	7,938	(11,068)
4	Finance Costs	29,117	19,600	15,113	69,739
5	Depreciation and Amortisation Expenses	5,151	4,905	4,926	19,807
6	Profit / (Loss) Before Exceptional Items and Tax (3-4-5)	(34,721)	(45,959)	(12,101)	(1,00,614)
7	Exceptional Items	-	-	(16,319)	(16,240)
8	Profit / (Loss) before Tax (6+7)	(34,721)	(45,959)	(28,420)	(1,16,854)
9	Tax Expenses - 'Deferred Tax Credit'	-	5,091	5,378	21,245
10	Profit / (Loss) for the year / period from continued operations (8-9)	(34,721)	(40,868)	(23,042)	(95,609)
11	Profit / (Loss) for the year / period	(34,721)	(40,868)	(23,042)	(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	57	(25)	41
(ii)	Income Tax effect	-	(18)	8	(13)
(iii)	Total Other Comprehensive Income for the year / period	10	39	(17)	28
13	Total Comprehensive Income for the year / period (11+12)	(34,711)	(40,829)	(23,059)	(95,581)
14	Paid-up Equity Share Capital (Face Value of Rs. 10 Each)	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.)	* (4.71)	* (5.54)	* (3.13)	(12.96)
(b)	Diluted EPS (Rs.)	* (4.71)	* (5.54)	* (3.13)	(12.96)

Notes :

- After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on July 21, 2018. The Statutory Auditors of the Company have carried out a limited review of the results
- 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.



2/5

- 3 The company primarily is in the business of Ship Building and Ship Construction having state of the art infrastructure facilities including Dry Dock complex, Goliath Cranes, Fabrication facilities, Blasting and Painting Cell, etc, and is capable of undertaking complex and large size/volume of fabrication for varied industries. The overall infrastructure facility required, currently available with the company are nearly new and have long useful life. For last few years there is a downtrend in the shipbuilding industry globally. In defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. All these have resulted in temporary financial constraints on the Company, losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Therefore company has approached its lenders for an appropriate Resolution Plan with the objective to make the operations of the Company viable and sustainable. The Company is engaged with the Lenders for Resolution Plan. Considering the strength of the Company's world class infrastructure, business plans and future outlook as assessed, the management is confident to arrive at solution to resolve financial position of the Company and to continue as a going concern. The company is participating in several business opportunities both in and outside India, we are hopeful to get business on ongoing basis. Further, the promoters of the Company have supported company since management take over by them in January 2016 and will continue to do so in future in their capacity as promoters. Pending such resolution and on considering the facts given above a) Accounts have been prepared on going concern basis; b) The company continued to account for deferred tax assets on losses, which will be available for set off against future profits in view of the anticipated orders and opportunities in the defence and non-defence sector and expected resolution with the secured Lenders and improved availability of working capital; and c) No provision for impairment of Non-current assets has been considered necessary.
- 4 The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.
- 5 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 in May, 2018 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 June 30, 2018
- 6 As informed earlier, 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 and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 due to continued default in repayment of principal and interest against RMOL and the Company. In response to the recall notice, the company and RMOL has requested to the lender to liquidate the securities available which, as per IFCI, is sufficient to meet obligations by RMOL. The petition filed by the lender is not yet admitted by the NCLT. Accordingly, no provision against the above corporate guarantee is considered necessary at this stage.
- 7 Exceptional item for the quarter ended June 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.

Place Mumbai
Date July 21, 2018.



A handwritten signature in blue ink, appearing to read "Debashis Bir".

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



3/5

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 ended June 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. Emphasis of Matter

We draw your attention to the:

- i) Note 3 to the statement regarding preparation of standalone financial results of the Company on going concern basis, recognition of deferred tax assets and impairment of non-current assets since the company is confident of arriving at a positive resolution with its lenders, continued financial support from its promoters and other reasons stated in the said note.
- ii) Note 5 to the statement regarding the invocation of performance and other bank guarantees amounting to Rs. 49,770 Lacs by a customer and shipbuilding contract receivable 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.
- iii) Note 6 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.



5. Based on our review conducted as stated above, read with our comments in paragraph 4 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



Gyandeo Chaturvedi
Partner
Membership No. – 46806

Place: Mumbai
Date: July 21, 2018

