

RELIANCE

Naval and Engineering

**Annual Report
2019-20**

Profile

Reliance Naval and Engineering Limited (RNAVAL) has the largest engineering infrastructure in India and is one of the largest in the world. RNAVAL is the first private sector company in India to obtain the licence and contract to build warships.

RNAVAL operates India's largest integrated shipbuilding facility with 662M x 65M Dry dock. The facility houses the only modular shipbuilding facility with a capacity to build fully fabricated and outfitted blocks. The fabrication facility is spread over 2.1 million sq.ft. The Shipyard has a pre-erection berth of 980 meters length and 40 meters width, and two Goliath Cranes with combined lifting capacity of 1,200 tonnes, besides outfitting berths length of 780 meters.

Mission:

- Meet and exceed customer expectations with a collaborative approach
- Consistently enhance competitiveness and deliver profitable growth
- Adopt global best practices and create a culture of quality to be the Industry leader
- Achieve excellence in project execution in maritime domain ensuring quality, reliability, safety and operational efficiency
- Relentlessly pursue new opportunities and technologies
- Encourage ideas, talent and value systems
- Promote a work culture that fosters learning, individual growth and team building
- Practice high standards of corporate governance and be a financially sound organization
- Earn the trust and confidence of stakeholders, exceeding their expectations
- Be a partner in nation building and contribute towards the country's economic growth.

Board of Directors	Contents	Page No.
Shri Venkata Rachakonda	Notice of Annual General Meeting.....	04
Ms Shiby Jobby	Directors' Report.....	11
Shri Debashis Bir	Management Discussion and Analysis.....	20
Key Managerial Personnel		
Shri Madan Pendse - Chief Financial Officer	Corporate Governance Report.....	24
Shri Avinash Godse - Company Secretary & Compliance Officer	Certificate on Corporate Governance by Practicing Company Secretary.....	38
Auditors		
M/s. Pathak H. D. & Associates LLP	Investor Information	40
Registered Office & EOU		
Pipavav Port, Post Ucchajiya, Via-Rajula, District Amreli 365 560, Gujarat Tel No. +91 2794 305000 Fax no. +91 2794 305100 E-mail: rdel.investors@relianceada.com Website: www.rnaval.co.in	Independent Auditors' Report on the Financial Statement.....	45
	Balance Sheet	52
	Statement of Profit and Loss.....	53
	Statement of Changes in Equity.....	54
	Cash Flow Statement	55
	Notes to the Financial Statement.....	57
	Independent Auditors' Report on Consolidated Financial Statement	91
	Consolidated Balance Sheet	98
	Consolidated Statement of Profit and Loss	99
	Consolidated Statement of Changes in Equity.....	100
	Consolidated Cash Flow Statement.....	101
	Notes to Consolidated Financial Statement	103
	Statement containing Salient features of the financial statement of Subsidiaries/ Associates/Joint ventures	140
Registrar and Transfer Agent		
KFin Technologies Private Limited Selenium Tower – B, Plot No. 31 & 32 Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda, Hyderabad 500 032 Website: www.kfintech.com		
Investor Helpdesk		
Toll free no (India) : 1800 4250 999		
Tel. : + 91 40 6716 1500		
Fax : + 91 40 6716 1791		
E-mail : ris.rdel@kfintech.com		

23rd Annual General Meeting on Tuesday, November 10, 2020 at 11.30 A.M (IST) through Video Conferencing (VC) / other Audio Visual Means (OAVM)

This Annual Report can be accessed at www.rnaval.co.in

Reliance Naval and Engineering Limited

Notice

Notice is hereby given that the 23rd Annual General Meeting of the Members of **Reliance Naval and Engineering Limited** will be held on **Tuesday, November 10, 2020 at 11.30 A.M. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility to transact the following business:

Ordinary Business:

- To consider and adopt:
 - the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of Board of Directors and Auditors thereon; and
 - the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon.
- To appoint a Director in place of Shri Venkata Rachakonda (DIN: 07014032), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Pipara and Co LLP, Chartered Accountants (Firm Registration No. W100219), who have confirmed their eligibility for the appointment pursuant to Section 141 of the Act as Statutory Auditors of the Company, be and are hereby appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty eighth Annual General Meeting, at such remuneration as shall be fixed by the Resolution Professional or any other persons exercising the powers of the Board of Directors in terms of the Resolution Plan approved by the NCLT, directly or through any person authorized in this behalf of the Company."

Special Business:

- Approval for tenure of Shri Ranjit Lahiry as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the tenure of Shri Ranjit Lahiry (DIN: 08587815) as an Independent Director, who was appointed as an Additional Director by the Board pursuant to the provisions of Section 161 of the

Act and the Articles of Association of the Company w.e.f. October 24, 2019 and who has resigned as Director of the Company w.e.f. April 09, 2020."

- Approval for tenure and remuneration paid to Shri Gyan Prakash as an Executive Director**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152, 196, 197, 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the sanctions, as may be necessary, approval of the Members of the Company be and is hereby accorded for the tenure and remuneration paid to Shri Gyan Prakash (DIN: 08589064) as an Executive Director, who was appointed as an Additional Director by the Board pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company w.e.f. October 24, 2019 and who has resigned as Director of the Company w.e.f. December 06, 2019."

RESOLVED FURTHER THAT the Resolution Professional be and is hereby authorised to do all such acts, deeds, attend to such matters and things and take all steps as may be necessary, proper and expedient to give effect to this resolution."

- Rescinding the resolution no 8 passed for Change of Name of the Company at the 22nd Annual General Meeting held on September 28, 2019**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Clause 11 of Secretarial Standard on General Meetings (SS-2) issued by the Council of the Institute of Company Secretaries of India, the resolution no 8 passed under Section 4, 5, 13 and 14 of the Act, at the 22nd Annual General Meeting held on September 28, 2019 relating to approval for change of name of the Company, be and is hereby rescinded."

For Reliance Naval and Engineering Limited

Avinash Godse
Company Secretary and Compliance Officer

Registered Office:
Pipavav Port, Post Ucchhaiya,
Via- Rajula, Dist. Amreli, PIN 365 560,
Gujarat, India
CIN: L35110GJ1997PLC033193
Website: www.naval.co.in

August 03, 2020

Notice

Notes:

1. Pursuant to the Order dated January 15, 2020 of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from January 15, 2020 (Corporate Insolvency Resolution Process Commencement Date). Shri. Rajeev Sawangikar was appointed as Interim Resolution Professional ("IRP") in terms of the NCLT Order. Thereafter, the Committee of Creditors (CoC) of the Company resolved with the requisite voting share, to replace the IRP with Shri Sudip Bhattacharya as the Resolution Professional ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT has approved the appointment of Shri Sudip Bhattacharya as the RP for the Company vide its Order dated May 05, 2020.

The powers of the Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code. In view hereof, Annual General Meeting is being called and convened by the RP.
2. Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act'), relating to items of Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
4. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
5. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution / Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. KFin Technologies Private Limited (Kfintech), the Registrar and Transfer Agent, by email through its registered email address to praveendmr@kfintech.com
6. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.rnaval.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Kfintech at www.kfintech.com.
7. Re-appointment of Director:

At the ensuing AGM, Shri Venkata Rachakonda, Director of the Company shall retire by rotation under the provisions of the Act and being eligible, offers himself for re-appointment. Re-appointment of Shri Venkata Rachakonda is a part of compliance with section 152(6) of the Act. However, the powers of the Board shall continue to remain suspended during the continuance of CIR Process.

Shri Venkata Rachakonda is not related to any other Director and Key Managerial Personnel of the Company. He does not hold any share in the Company.

The details pertaining to Shri Venkata Rachakonda pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.
8. Members whose email address is not registered can register the same in the following manner:
 - a. Members holding share(s) in physical mode can register their e-mail ID on the Company's website at <https://www.rnaval.com/web/rnaval/shareholder-registration> by providing the requisite details of their holdings and documents for registering their e-mail address; and
 - b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants "DPs" for receiving all communications from the Company electronically.
9. The Company has engaged the services of M/s. KFin Technologies Private Limited, Registrar and Transfer Agent as the authorized agency (Kfintech) for conducting of the e-AGM and providing e-voting facility.
10. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
11. Since the AGM will be held through VC / OAVM, the Route Map is not required to be annexed in this Notice.
12. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
13. Members are advised to refer to the section titled 'Investor Information' provided in this Annual Report.
14. As mandated by SEBI, effective from April 1, 2019, that securities of listed companies shall be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise share(s) held by them in physical form.
15. Members are requested to fill in and submit the Feedback Form provided in the 'Investor Relations' section on the Company's website www.rnaval.co.in to aid the Company in its constant endeavor to enhance the standards of service to investors.

Reliance Naval and Engineering Limited

Notice

16. Instructions for attending the AGM and e-voting are as follows:

A. Instructions for attending the AGM:

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://ris.kfintech.com/vc/login2vc.aspx> by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves at <https://ris.kfintech.com/agmvcspeakerregistration>. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Those Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
3. Facility of joining the AGM through VC / OAVM shall be available for 1,000 members on first come first served basis. However, the participation of members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
4. Members who need technical assistance before or during the AGM, can contact Kfintech at <https://ris.kfintech.com/agmq/aqmqa/login.aspx>

B. Instructions for e-voting

1. In compliance with the provisions of Section 108 of the Act read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. Tuesday, November 03, 2020 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. Kfintech will be facilitating remote e-voting to enable the Members to cast their votes electronically. Members can cast their vote online from 10.00 A.M. (IST) on Friday, November 06, 2020 to 5.00 P.M (IST) on Monday, November 09, 2020. At the end of remote e-voting period, the facility shall forthwith be blocked.
2. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
3. The Members present in the AGM through VC / OAVM

facility and have not cast their vote on the Resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

4. The procedure and instructions for remote e-voting are as follows:

- a. Open your web browser during the remote e-voting period and navigate to "<https://evoting.kfintech.com>".
- b. Enter the login credentials (i.e., user-id and password) mentioned in the letter. Your Folio No. / DP ID No. / Client ID No. will be your User- ID.

User - ID For Members holding shares in Demat Form:-

For NSDL:- 8 Character DP ID followed by 8 Digits Client ID

For CDSL:- 16 digits beneficiary ID

User - ID For Members holding shares in Physical Form:-

Event Number followed by Folio No. registered with the Company

Password Your unique password is sent via e-mail forwarded through the electronic notice

Captcha Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons

- c. After entering these details appropriately, click on "LOGIN"
- d. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). Kindly note that this password can be used by the Demat holders for voting in any other Company on which they are eligible to vote, provided that the other company opts for e-voting through Kfintech e-Voting platform. System will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- e. You need to login again with the new credentials.
- f. On successful login, system will prompt you to select the 'Event' i.e. 'Company Name'.
- g. If you are holding shares in Demat form and had logged on to "<https://evoting.kfintech.com>" and have cast your vote earlier for any company, then your existing login ID and password are to be used.
- h. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST

Notice

- / ABSTAIN' for voting. Enter the number of shares (which represents the number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST'; but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not wish to vote, please select 'ABSTAIN'.
- i. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - j. Once you 'CONFIRM' your vote on the Resolution whether partially or otherwise, you will not be allowed to modify your vote.
5. Corporate Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board or governing body Resolution / Authorisation together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to 'evoting@kfintech.com'. The file / scanned image of the Board Resolution / authority letter should be in the naming format 'Corporate Name Event no.'.
 6. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the Tuesday, November 03, 2020.
- In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
7. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on <https://evoting.kfintech.com/> to reset the password.
 8. The Resolution Professional has appointed Ms. Mamta Phalak, Practising Company Secretary as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit their report to the Chairman or any person authorised by him after completion of the scrutiny and the results of voting will be announced after the AGM of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.rnaval.co.in and also on the website of Kfintech at "https://evoting.kfintech.com".
 9. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Kfintech's website "https://evoting.kfintech.com" OR contact toll free no.1800 4250 999.

Statement pursuant to Section 102 (1) of the Companies Act, 2013 and pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the accompanying Notice dated August 03, 2020

Item No. 3: Appointment of Auditor

As per the provisions of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), it is proposed to appoint M/s. Pipara and Co LLP, Chartered Accountants (Firm Registration No. W100219) as Statutory Auditors of the Company in place of M/s. Pathak H.D. & Associates LLP, Chartered Accountants (Firm Registration No. 107783W), whose first term of five consecutive years expires at the end of ensuing Annual General Meeting (AGM).

The Resolution Professional has recommended the appointment of M/s. Pipara and Co LLP as Statutory Auditors of the Company for a term of five(5) consecutive years from the conclusion of 23rd AGM till the conclusion of 28th AGM of the Company.

Additional information about Statutory Auditors pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) is provided below:

Details	Particulars
Proposed Fees payable to the Statutory Auditors	₹ 16.3 lakhs per year from the financial year 2020-21 with authority to the Resolution Professional or any other persons exercising the powers of the Board of Directors in terms of the Resolution Plan approved by the NCLT, directly or through any person authorized in this behalf, to revise during the tenure of five years, if required.
Terms of Appointment	For a term of five (5) consecutive years from the conclusion of 23 rd AGM till the conclusion of 28 th AGM of the Company.
In case of new Auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	The proposed remuneration to the New Auditor is ₹ 16.3 lakhs as compared to ₹ 50 lakhs to the existing Auditor.

Reliance Naval and Engineering Limited

Notice

Basis of recommendation for appointment including the details in relation to and credentials of the Statutory Auditor(s) proposed to be appointed

Pipara & Co LLP is a professionally managed and privately owned firm established under the Chartered Accountants Act, 1949 with a vision to providing excellent Auditing & Assurance, Direct Tax Consultancy, Legal Representations, SAP Consultancy and Management Consultancy services and are specialist in this genre of practice.

Pipara & Co LLP are a Practising Chartered Accountant firm dynamically growing since the past 30 years. Pipara & Co LLP proudly adorn an ISO 9001:2008 certification and have mastered in the fields of Income Tax, Auditing & Assurance, ABDEAS and Management Consultancy.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested financially or otherwise in this resolution set out at Item no. 3 of the Notice.

The Resolution Professional accordingly recommends the Ordinary Resolution set out at Item No. 3 of the accompanying Notice for approval of the Members.

Item No. 4: Approval for tenure of Shri Ranjit Lahiry as an Independent Director of the Company

Pursuant to the provisions of Section 161 read with section 149 and Schedule IV of the Act and as per the recommendations of Nomination and Remuneration Committee and subject to the approval of the members, the Board of Directors has appointed Shri Ranjit Lahiry as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) consecutive years effective from October 24, 2019.

Shri Ranjit Lahiry is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given consent to act as Independent Director. The Company has also received declaration from Shri Ranjit Lahiry that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In the opinion of the Board, Shri Ranjit Lahiry fulfills the conditions for appointment as Independent Director as specified in the Act and Listing Regulations and he is Independent of the management.

Copy of draft letter of appointment of Independent Director setting out the terms and conditions of appointment is available for inspection by the Members on the Company's website at www.rnaval.co.in.

Shri Ranjit Lahiry, aged 70 years, is M.Sc. in Physics with specialization in Electronics from D.A.V. College of Dehradun. He has rich experience of 40 years in Logistics, Supply Chain and Project Management. He had joined ONGC in 1973 and superannuated as General Manager (Logistics) on December 2009. Earlier, Ranjit Lahiry served as a Consultant in Yard Services of the Company during the period January 2009 to January 2012.

Shri Ranjit Lahiry has resigned as director of the Company on February 20, 2020 which was approved by the Resolution Professional effective from April 09, 2020. Accordingly, members approval is being sought by way this resolution for the tenure of Shri Ranjit Lahiry as Independent Director.

Shri Ranjit Lahiry is not related to any other Director and Key Managerial Personnel of the Company. He does not hold any share in the Company.

The relatives of Shri Ranjit Lahiry may be deemed to be interested in the resolutions set out at Item No. 4 of the Notice,

to the extent of their equity shareholding interest, if any, in the Company.

Save and except Shri Ranjit Lahiry and his relatives, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Resolution Professional accordingly recommends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

Item No. 5: Approval for tenure and remuneration paid to Shri Gyan Prakash as an Executive Director

At its meeting held on October 24, 2019, the Board of Directors based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of members at the ensuing AGM, has appointed Shri Gyan Prakash as an Additional Director and also designated him as Executive Director effective from October 24, 2019. The appointment of Shri Gyan Prakash as Executive Director is for a period of 3 years.

The Board has also approved the remuneration payable to him subject to the consent of the shareholders and such other sanctions as may be necessary.

Shri Gyan Prakash had given his consent for the appointment and has also confirmed that he was not in any way disqualified from the appointment as per the provisions of the Act.

As the Company does not have adequate profit within the meaning of Section 198 of the Act, the remuneration paid to Shri Gyan Prakash is subject to approval of members by way of special resolution. The Company has also submitted necessary application to the lenders for seeking their consent for payment of remuneration to Shri Gyan Prakash as required under Schedule V of the Act.

Shri Gyan Prakash is not related to any other Director or Key Managerial Personal of the Company.

Shri Gyan Prakash has acted in a professional capacity and he does not have any interest in the capital of the Company or in any of its subsidiary companies either directly or indirectly or through any other statutory structures. He is not related to the directors or promoters of the Company or any of its subsidiaries at any time during the last two years before this appointment. Shri Gyan Prakash, is M.E. in Mechanical (Marine) Engineering from University of Pune. He has rich experience of 34 years in Shipbuilding and EPC Marine & Offshore Projects Management.

Shri Gyan Prakash fulfils the conditions for eligibility of the appointment as contained in Part I of Schedule V of the Act. The details pertaining to Shri Gyan Prakash pursuant to the requirements of Schedule V of the Act, Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings are given below and also in the Corporate Governance Report forming part of this Report:

Notice

I. General Information:					
i	Nature of Industry	Defence / Commercial Shipbuilding and Ship repairs			
ii	Date of commencement of commercial production	April 1, 2009			
iii	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus applicable	Not applicable			
iv	Financial performance based on given indicators	₹ In Crore			
		Particulars	2019-20	2018-19	2017-18
		Total Income	99.20	184.63	413.84
		PBT	(1,621.33)	(10,100.99)	(1,168.53)
		PAT	(1,621.33)	(10,481.05)	(956.05)
		Net worth	(11,879.52)	(10,258.26)	222.90
v	Foreign investments or collaborators, if any	<p>The Company has made investment in PDOC Pte. Limited an overseas subsidiary.</p> <p>The Company has a wide spectrum of international strategic alliances in various domains of defence technologies</p>			
II Information about the Appointee:					
i	Background details	<p>Shri Gyan Prakash, is M.E. in Mechanical (Marine) Engineering from University of Pune. He has rich experience of 34 years in Shipbuilding and EPC Marine & Offshore Projects Management.</p> <p>He joined Indian Coast Guard (MOD) in 1985 and served in Engineering branch for 21 years. From 2006 to 2017 Shri Gyan Prakash served in EPC Projects Management in Marine & Offshore sector. He is associated with the Company since January 2018 as Chief Operating Officer</p>			
ii	Past remuneration	<p>Salary, Perquisites and Allowances: ₹ 52,00,000/- p.a.</p> <p>Performance Linked Incentive: ₹ 13,00,000/-p.a.</p>			
iii	Recognition or awards	Shri Gyan Prakash , is part of leadership team of the Company which has felicitated with recognition and awards.			
iv	Job Profile and his suitability	As Shri Gyan Prakash has the requisite professional qualification and experience, he is eminently suited for the position			
v	Remuneration proposed	<p>Salary, Perquisites and Allowances: ₹ 52,00,000/- p.a.</p> <p>Performance Linked Incentive: ₹ 13,00,000/-p.a.</p>			
vi	Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	<p>The proposed remuneration to the appointee is comparable with the prevailing remuneration in the industry of similar size for similarly placed persons.</p> <p>The proposed remuneration is commensurate to the size and extent of operation of the Company.</p>			
vii	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	None			

Reliance Naval and Engineering Limited

Notice

III Other Information:		
i	Reasons of loss or inadequate profits	<ul style="list-style-type: none"> Global Economy slowdown; Slack in demand in global commercial shipbuilding industry; Delays in awarding defence contracts Sharp fluctuations in crude oil prices which in turn resulted in significant cut in capital expenditures by major oil and gas companies; High Interest rates.
ii	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> The Company will remain committed to generating superior returns for its stakeholders, by optimizing product-mix; The Company would continue to drive growth through strategic partnership in defence sector; The Company with in-house capabilities has stepped into indigenization of defence ship design as well as 3D modeling; Grant of various defence licences for manufacturing of various defence equipments / systems; The Company is in process of resolving its debt which will reduce interest and repayment burden.
iii	Expected increase in productivity and profit in measurable terms	Though the Defence / Commercial Shipbuilding and Ship repairs Industry is following a downturn, in anticipation of revival of the market in the near future due to "Make in India" programme of Government of India, the above steps taken/proposed to be taken by the Company are expected to increase the productivity and profits of the Company.

Disclosures:

The disclosures required under Schedule V of the Act have been incorporated in the Directors' Report under Corporate Governance section.

Shri Gyan Prakash has resigned as director of the Company w.e.f December 06, 2019. Accordingly, members approval is being sought by way this resolution for tenure and remuneration paid to Shri Gyan Prakash as an Executive Director.

The relatives of Shri Gyan Prakash may be deemed to be interested in the resolution set out in Item no. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except Shri Gyan Prakash and his relatives, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Resolution Professional accordingly recommends the Special Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

Item No. 6 : Rescinding the resolution no 8 passed for Change of Name of the Company at the 22nd Annual General Meeting held on September 28, 2019

The Board of Directors of the Company has proposed and recommended the resolution for change of name of the Company at the 22nd Annual General Meeting held on September 28, 2019. The said resolution was proposed at item no 8 of the notice of the 22nd Annual General Meeting.

The said resolution was passed by the members with the requisite majority. However, due to unavoidable circumstances the management has decided not to implement the said resolution for change of name of the Company.

As per the provisions of Clause 11 of Secretarial Standard on General Meetings (SS- 2) issued by the Council of the Institute of Company Secretaries of India, a Resolution passed at a Meeting shall not be rescinded otherwise than by a Resolution passed at a subsequent Meeting. Further, a Resolution rescinding an earlier Resolution should be passed in the same manner in which the Resolution in question was passed.

Accordingly, members approval is being sought by way this resolution for rescinding the resolution no 6 passed for Change of Name of the Company at the 22nd Annual General Meeting held on September 28, 2019.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Resolution Professional accordingly recommends the Special Resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

For Reliance Naval and Engineering Limited

**Avinash Godse
Company Secretary and Compliance Officer**

Registered Office:
Pipavav Port, Post Ucchhaiya,
Via- Rajula, Dist. Amreli, PIN 365 560,
Gujarat, India
CIN: L35110GJ1997PLC033193
Website: www.rnaval.co.in

August 03, 2020

Directors' Report

Dear Shareowners,

Your Directors present the 23rd Annual Report and the audited financial statement for the Financial Year ended March 31, 2020.

Pursuant to the Order dated January 15, 2020 of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from January 15, 2020 (Corporate Insolvency Resolution Process Commencement Date). Shri. Rajeev Sawangikar was appointed as Interim Resolution Professional ("IRP") in terms of the NCLT Order.

Thereafter, the Committee of Creditors (CoC) of the Company resolved with the requisite voting share, to replace the IRP with Shri Sudip Bhattacharya as the Resolution Professional ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT has approved the appointment of Shri Sudip Bhattacharya as the RP for the Company vide its Order dated May 05, 2020.

The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code.

Financial Results

The financial performance of the Company, on standalone basis, for the financial year ended March 31, 2020 is summarised below:

(₹ in Lakh)

Particulars	Financial year ended March 31, 2020	Financial year ended March 31, 2019
Total Income	9920.39	18,463.04
Profit / (Loss) before taxation	(1,62,132.70)	(10,10,098.29)
Tax expenses (Net) (including deferred tax and tax for earlier years)	-	(38,006.43)
Profit / (Loss) after taxation	(1,62,132.70)	(10,48,104.72)
Other Comprehensive Income	6.59	(11.96)
Total Comprehensive Income for the year	(1,62,126.11)	(10,48,116.68)
Add: Balance of profit/(loss) brought forward	(10,99,585.36)	(51,468.68)
Securities Premium on issue of shares	-	-
Balance carried to Balance Sheet	(12,61,711.47)	(10,99,585.36)

Financial Performance

During the financial year under review, your Company earned an income of ₹ 9,920.39 lakhs against ₹18,463.04 Lakhs in previous year. The Company incurred a loss after tax of ₹1,62,132.70 lakhs for the year as compared to ₹ 10,48,104.72 lakhs in the previous year.

The performance and financial position of the subsidiary companies and associate company are included in the consolidated financial statement of the Company and presented in the Management Discussion and Analysis forming part of this Annual Report.

Dividend

In view of the inadequacy of profit during the year under review, the Board of Director has not recommended dividend on the equity shares of the Company.

Business Operations

The Company is primarily engaged into defence and commercial shipbuilding, ship repair and offshore engineering activities and operates the largest dry dock in India. The Company's shipyard at Pipavav, Gujarat, has integrated state-of-the-art production facilities.

The Company's Shipyard at Pipavav, Gujarat, was certified by the US Navy for servicing of warships from the US Navy's Seventh fleet. This is the only Indian Shipyard to achieve this landmark.

During the year under review, the Company provided dry docking and other services for ONGC's Jack up Rig "Sagar Ratna" and undocked the same in April 2020 despite unprecedented circumstances prevailing due to the pandemic.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is presented in a separate section forming part of this Annual Report.

Deposits

During the year under review, the Company has neither accepted nor renewed any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the relevant Rules made there under. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2020.

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 of the Act, details of the Investment made by the Company are provided in standalone financial statement under Note no.-3.

Directors' Report

Subsidiary Companies, Associate and Joint venture

As on March 31, 2020 the Company is having 5 subsidiaries under its fold and 1 Associate Company.

The financial performance of each of the subsidiaries and associate companies as per the Act is provided in the consolidated financial statement.

During the year under review the Company has received strike off order from ROC for its joint venture company 'Mazagon Dock Pipavav Defence Private Limited' as per application made to ROC.

During the year under review 'Reliance Underwater Systems Private Limited', a non-material subsidiary, has ceased to be subsidiary of the Company w.e.f August 16, 2019.

The Company's policy for determining material subsidiaries, as approved by the Board, may be accessed on the Company's website at the link: <https://www.rnaval.co.in/web/rnaval/corporate-governance>.

Standalone and Consolidated Financial Statement

The audited financial statement of the Company drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2020, are in the accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 "Ind AS Rules" notified under Section 133 of the Act, read with relevant rules and other accounting principles. The Audited Consolidated Financial Statement have been prepared in accordance with Ind AS and relevant provisions of the Act based on the financial statement received from subsidiaries and associate companies, as approved by their respective Board of Directors.

Directors

During the year, Shri K Ravikumar has resigned as Director of the Company w.e.f. September 04, 2019. Shri Ranjit Lahiry was appointed as Additional Director in the capacity of Independent Director of the Company w.e.f. from October 24, 2019.

The Board of Directors of the Company at its meeting held on October 24, 2019, appointed Shri Gyan Prakash as Additional Director and also designated him as Executive Director of the Company for a period of three years with effect from October 24, 2019. Shri Gyan Prakash has resigned as Director of the Company w.e.f. December 06, 2019. The appointment and the remuneration paid to Shri Gyan Prakash during the tenure of appointment are subject to the approval of the members at the ensuing AGM.

Ms. Ankita Tallur has resigned as Director of the Company w.e.f. November 01, 2019.

Shri Ranjit Lahiry and Shri Pankaj Pandya have resigned as Independent Directors of the Company w.e.f. February 20, 2020 and February 27, 2020, respectively due to commencement of CIR process and non-receipt of sating fees. The IRP has approved their resignations effective from April 09, 2020. Both the Independent Directors have confirmed that there was no other material reason for their resignation other than those mentioned above.

Due to superannuation, Shri Debashis Bir has ceased to be Whole-time Director and Chief Executive Officer of the Company w.e.f. April 09, 2020. However, Shri Debashis Bir will continue as Non-Executive Director of the Company.

The Board places on record its appreciation for valuable contribution made by Shri K Ravikumar, Ms Ankita Tallur, Shri Gyan Prakash, Shri Ranjit Lahiry and Shri Pankaj Pandya during their tenure as Directors of the Company.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are uploaded on the website of the Company at the link <http://www.rnaval.co.in/web/rnaval/corporate-governance>.

In term of the provisions of the Act, Shri Venkata Rachakonda, Non Executive Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM. A brief resume of Shri Venkata Rachakonda along with requisite details, as stipulated under Regulation 36(3) of the Listing Regulations is given in the section on Corporate Governance Report forming part of this Annual Report.

Key Managerial Personnel (KMP)

During the year, Shri Madan Pendse has been appointed as Chief Financial Officer and termed as Key Managerial Personnel ('KMP') in place of Shri Nikhil Jain and Shri Avinash Godse has been appointed as Company Secretary and Compliance Officer and termed as KMP in place of Shri Paresh Rathod with effect from August 10, 2019.

Due to superannuation, Shri Debashis Bir ceased to be Whole-Time Director and Chief Executive Officer of the Company with effect from April 9, 2020. However, he will continue as a Non-Executive Director on the Board of the Company.

Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee (NRC) of the Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Act, Regulation 17(10) of the Listing Regulations and based on the policy devised by NRC, the Board has to carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. A separate meeting of the Independent Directors was held during the financial year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman. However, the Board being suspended due to commencement of CIR Process, no annual performance evaluation was carried out for the year under review.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website <http://www.rnaval.co.in/web/rnaval/corporate-governance> and also is attached as **Annexure – A**.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

Directors' Report

- i. In the preparation of the annual financial statement for the financial year ended March 31, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2020, on a 'going concern' basis;
- v. The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered into/by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions which could have a potential conflict with the interest of the Company at large.

During the year, the Company had not entered in to any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of Company on materiality of related party transactions.

All Related Party Transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: <http://www.rnaval.co.in/web/rnaval/corporate-governance>. Your Directors draw attention of the members to Note No. 37 to the Standalone Financial Statements which sets out Related Party Disclosures pursuant to Ind-AS and Schedule V of the Listing Regulations.

Material Changes and Commitments, if any, affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Meetings of the Board

A Calendar of Meetings is prepared and circulated in advance to the Directors. During the financial year, three Board Meetings were held. Details of which are given in the Corporate Governance Report forming part of this Annual Report.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 17 of the Listing Regulations relating to Board of Directors are not applicable to the Company. The roles and responsibilities of the Board of Directors are being fulfilled by the RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020. RP held meetings with the management of the Company for consideration and approval of quarterly/yearly financial results in terms of Section 134 of the Act and Regulation 33 of the Listing Regulations.

Audit Committee

During the financial year, Audit Committee has been re-constituted by the Board of Directors on October 24, 2019. As on March 31, 2020, the committee consists of majority of Independent Directors namely Shri Pankaj Pandya, as Chairman, Shri Ranjit Lahiry and Shri Debashis Bir, as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 18 of the Listing Regulations relating to Audit Committee are not applicable to the Company. The roles and responsibilities of the Audit Committee are being fulfilled by the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

Auditors and Auditor's Report

M/s. Pathak H.D. & Associates LLP, Chartered Accountants who were appointed as Auditors of the Company to hold office for a term of 5 (five) consecutive years, at the Annual General Meeting of the Company held on September 30, 2015, would be completing their first term of appointment upon conclusion of ensuing Annual General Meeting of the Company and does not offer themselves for re-appointment.

The RP has proposed the appointment of M/s. Pipara and CO, LLP, Chartered Accountants as the Statutory Auditors of the Company for a term of 5 consecutive years until the conclusion of 28th Annual General Meeting of the Company, subject to approval of Members in ensuing Annual General Meeting.

The Company has received a consent letter from M/s. Pipara and Co, LLP, to the effect that their appointment, if made, would be within the limits prescribed under Section 141(3)(g) of the Act, and that they are not disqualified from appointment as statutory auditors in terms of Section 141 of the Act read with Section 139 of the Act and the Rules made there under.

The Auditors in their report to the Members have given a Qualified Opinion for the reasons set out in the para titled Qualified Opinion. The relevant facts and the factual position have been explained below:

Directors' Report

- (a) During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. The NCLT order also provided for moratorium with effect from January 15, 2020 till the completion of CIRP or until it approved the resolution plan under section 31(1) of Insolvency Code or passes an order for liquidation under section 33 of the Insolvency Code, whichever is earlier. Accordingly, Bank and financial institutions have not provided the balance confirmation as on March 31, 2020. However, the claims from financial and operational creditors are under verification and RP is in the process of receiving, collating, verifying, seeking clarification, sending communication for un-reconciled balances on such claims. Hence, no provision has been made in the books of accounts for the year ended on March 31, 2020.
- (b) The Company is under CIR Process and RP is required to submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors (CoC) and the NCLT. The CIR Process not yet concluded, and the final outcome is yet to be ascertained. The Company has not taken into consideration of any impact on the value of tangible, financial and other assets, if any, in preparation of financial results and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of above assets.
- (c) The RP is obliged not to share certain information which are integral part of the CIR Process, in order to maintain the confidentiality of the process and in line with direction of CoC.
- (b) The Company had not given prior intimation of Board/RP meeting as required under Regulation 29 of the Listing Regulations for approval of quarterly financial results for quarter ended on December 31, 2019.
- (c) The lenders have till date did not provide their consent for payment of remuneration to Executive Directors as required under Schedule- V of the Act.
- (d) The Board of Directors of the Company is not duly constituted with proper balance of Non-Executive Directors and Independent Directors. However, the Company being under CIR Process, provisions of Regulation 17 of the Listing Regulations are not applicable.

Management's explanations/ Comments: All Secretarial Auditors remarks are self-explanatory and do not require any further comments.

The Audit Report of the Secretarial Auditors for the financial year ended March 31, 2020 is attached as **Annexure - B**.

Pursuant to circular No.CIR/ CFD/ CMD1/ 27/ 2019 dated February 08, 2019, issued by the Securities and Exchange Board of India (SEBI), the Company has obtained Secretarial Compliance Report from a Practising Company Secretary (PCS) on compliance of all applicable SEBI Regulations and circulars/ guidelines issued there under and the copy of the same has submitted with the Stock Exchanges within the prescribed due date.

Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return of the financial year 2018-19 and 2019-20 is put up on the Company's website and can be accessed at the link: <http://www.rnaval.co.in/web/rnaval>.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annexure, which forms part of this Report.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are also forming part of this Report.

However, having regard to the provisions of first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as required to be disclosed in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in **Annexure - C** forming part of this Report.

The other observations and comments given by the Auditors in their report, read together with notes on financial statements are self-explanatory and hence do not call for any further comments under section 134 of the Act.

As per the provisions of Clause (ca) of Sub-section (3) of Section 134 of the Act, the auditors of the Company have not reported any fraud under sub-section (12) of Section 143 of the Act.

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Secretarial Audit and Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Resolution Professional has appointed M/s. Mamta Phalak & Associates, Practising Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made by the Secretarial Auditor in the Secretarial Audit Report, except:-

Auditors Qualifications/ Adverse Remarks:

- a) The Company had submitted quarterly financial results along with limited review report as required under Regulation 33 (3) of the Listing Regulations beyond 45 days from the close of the quarter for quarter ended on December 31, 2019.

Directors' Report

Corporate Governance

The Company has adopted 'Reliance Group- Corporate Governance Policies and Code of Conduct' which sets out the systems, processes and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with para C of Schedule V of the Listing Regulations is presented in a separate section forming part of this Annual Report.

A certificate from M/s Mamta Phalak and Associates, Practicing Company Secretary conforming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

Whistle Blower Policy (Vigil Mechanism)

In accordance with Section 177 of the Act and Listing Regulations, the Company has formulated a Vigil Mechanism Policy to address the genuine concerns, if any, of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website at the link: <http://www.rnaval.co.in/web/rnaval/corporate-governance>.

Risk Management

The Company continues to have a Risk Management Committee consisting majority of Board of Directors. However, the mandatory provisions of listing regulations are not applicable to the Company. The details of the Committee and its terms of reference, etc. are set out in the Corporate Governance Report forming part of this Report.

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhances Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level and also separately for business segment. The risks are assessed for each project and mitigation measures are initiated both at the project as well as the corporate level. More details on Risk Management indicating development and implementation of Risk Management policy including identification of elements of risk and their mitigation are covered in Management Discussion and Analysis section, which forms part of this Report. The Company is currently under corporate insolvency resolution process pursuant to the provisions of the Insolvency Code.

Compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaints were received. The Company has also constituted an Internal Compliance Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy ('CSR policy') indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link: <http://www.rnaval.co.in/web/rnaval/corporate-governance>.

As on March 31, 2020, the CSR Committee of the Board consist of Shri Pankaj Pandya, as Chairman, Shri Debashis Bir, Shri Venkata Rachakonda, as members. Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and are exercised by the Resolution Professional, in accordance with the provisions of Section 17 and 23 of the Insolvency Code. Accordingly, the roles and responsibilities of the CSR Committee are being fulfilled by the RP w.e.f. January 15, 2020.

The disclosure with respect to CSR activities is given as **Annexure - D**.

Order, if any, passed by the Regulators or Courts or Tribunals

Except as disclosed in this report no orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls with reference to financial statement across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. During the financial year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

Acknowledgement

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, Debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Debshis Bir
Director

Venkata Rachakonda
Director

Place : Mumbai
Date : August 03, 2020

Policy on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees

1. Objective

1.1 The remuneration policy aims at achieving the following specific objectives:

1.1.1 To attract highly competent talent to sustain and grow the Company's business;

1.1.2 To build a high performance culture by aligning individual performance with business objectives and infusing performance differentiation;

1.1.3 To motivate and retain high performers and critical talent at all levels

2. Scope and Coverage

2.1 Remuneration policy covers Directors, Key Managerial Persons (KMPs) and on-roll employees of Reliance Naval and Engineering Limited and its Subsidiaries/Special Purpose Vehicles (SPVs), who are categorized into Top Management Cadre (TMC) and Senior Management Cadre (SMC).

3. Policy

3.1 Non-Executive Directors

The Non executive directors may be paid sitting fees for attending the meetings of the Board and of Committees of which they may be members, and commission within regulatory limits approved by the shareholders. The commission for respective financial year to be recommended by the Nomination and Remuneration Committee and approved by the Board.

3.2 Key Managerial Personnel and Senior Management

3.2.1 Remuneration i.e. Cost-to-Company (CTC) may consist of two broad components; Fixed and Variable.

3.2.2 Fixed portion comprises Base pay and Choice pay components.

3.2.3 Base Pay includes Basic Pay and Contribution towards Retiral Benefits.

3.2.4 Choice Pay includes basket of allowances, which executive has the flexibility to choose from based on his individual needs and tax planning.

3.2.5 Variable pay termed as Performance Linked Incentive (PLI) comprises a pre- determined amount, the payout of which is based on the composite score achieved by Individual and Business during the relevant performance year.

3.2.6 Annual Increment is linked to individual performance ratings and is also guided by business performance, Macro-economic indicators, Industry/business outlook, etc.

3.2.7 Individual and Business performance is assessed through a robust annual performance appraisal process, the key features of which are as follows:

- Formulation of well articulated Businesswise AOP
- Setting of Individual KRAs and KPIs in alignment with Business AOP
- Online process for goal setting, self evaluation and assessment by managers
- Normalisation of individual ratings as per prescribed norms
- Business Performance evaluation with higher emphasis on achievement against key financial and project completion parameters

4. Retention Features as part of Compensation Package

4.1 Based on the organizational need for retaining high performing/critical executives, certain retention features may be rolled out from time to time as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), etc.

4.2 While attracting talent in critical positions also such retention features could be incorporated as part of the compensation package.

5. Modification / Amendment

5.1 This policy shall be reviewed periodically based on benchmarking / business requirement / industry relevance.

Form No. MR-3

Secretarial Audit Report for the financial year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Reliance Naval and Engineering Limited
Pipavav Port, Post Ucchaliya,
Via Rajula, Dist. Amreli 365 560, Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Reliance Naval and Engineering Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during the Audit Period);

- (d) The Securities and Exchange Board of India (Shares Based Employee Benefit) Regulation, 2014 (Not applicable to the Company during the Audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfers Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not Applicable to the Company during the Audit Period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and
- (i) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing Regulations).

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by the Institute of Company Secretaries of India.
- The Listing Agreements entered into by the Company with the Stock Exchanges viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE)

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines as applicable mentioned above *except the following*:

- a) *The Company had submitted quarterly financial results along with limited review report as required under Regulation 33 (3) of the Listing Regulations beyond 45 days from the close of the quarter for the quarter ended on December 31, 2019.*
- b) *The Company had not given prior intimation of Board/ RP meeting as required under Regulation 29 of the Listing Regulations for approval of quarterly financial results for quarter ended on December 31, 2019 .*
- c) *The lenders have till date not provided their consent for payment of remuneration to Executive Directors as required under Schedule- V of the Companies Act, 2013.*

I further report that, the Board of Directors of the Company is not duly constituted with proper balance of Non-Executive Directors and Independent Directors, However, the Company is being under Corporate Insolvency Resolution Process (CIRP), the provisions of Regulation 17 of the Listing Regulations are not applicable. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act and the Listing Regulations.

Reliance Naval and Engineering Limited

Directors' Report

As per my Observations the Company has paid the penalty for the non-compliances as mentioned above.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of meetings of the Board of Directors and Committee of the Board accordingly.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following events has been took place which had a bearing on the Company's affairs:

a) The Financial Creditors of the Company initiated the CIRP due to the default made in repayment of borrowings and interest thereon. The Company is under CIRP vide order passed by the Hon'ble National Company Law Tribunal (NCLT), Ahmadabad Bench dated January 15, 2020 as per the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) and Rules and Regulations made there under.

b) The affairs, business, and assets of the Company are being managed by Shri Sudip Bhattacharya, appointed as Resolution Professional by the NCLT vide order dated May 05, 2020.

We further report that, the IBC has been enacted with the object of inter alia, providing a time bound resolution process for corporate debtors, maximising the value of their assets and to promote entrepreneurship. If the resolution is not achieved within the time provided, the corporate debtor will go in liquidation. Section 14 of the IBC has been provided as a standstill provision to allow the stakeholders to explore resolution without having to worry about duress and other legal proceedings as such proceedings causing a set back to the enterprise, its operations or value.

For Mamta Phalak & Associates

Mamta Phalak
Practicing Company Secretary
ACS No.: 47989
C.P. No.: 18918

Date: June 18, 2020
UDIN: A047989B000345924

Annexure C

Disclosure under Section 134(3)(m) of Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of Energy and Technology absorption.

A. Conservation of Energy

(i) The steps taken or impact on Conservation of Energy:

- In the chilling system, cooling water circulation pump has been replaced with energy efficient Eff1 pumps.
- Improved power factor to ensure optimized utilization of power with use of capacitor banks.
- Improved co-efficient of performance of cooling tower and efficiency of HVAC system.

(ii) The steps taken by the Company for utilizing alternate sources of Energy:

- Replacement of HPMV type lamps with LED lamps & Solar System etc.
- Apart from above, the Company has also other energy conservation measures like rain water harvesting systems, usage of treated/ recycled water, optimization of processes and equipments etc. All these steps result in saving in energy, in water consumption, in fuel consumption.

(iii) The capital investment on energy conservation equipment:

No additional investment was made for the above purpose.

B. Technology absorption

- The efforts made towards technology consumption : None
- The benefits derived like product improvement, cost reduction, product development or import substitution:
- Not Applicable
- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- Not Applicable
- The expenditure incurred on Research and Development : Nil

C. Foreign Exchange Earnings and Outgo

	(₹ In lakh)	
Particulars	2019-20	2018-19
Foreign Exchange Earned	-	134.80
Foreign Exchange Expenses	1,684.32	2,460.72

Reliance Naval and Engineering Limited

Management Discussion and Analysis Report

Forward Looking Statements

Statements in this Management Discussion and Analysis of financial condition and results of operations of the Company, describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in this statement. Important factors that could influence the Company's operations include Government's strategy relating to acquisition of naval platforms, changes in Government regulations, determination of tariff and such other charges and levies by the regulatory authority, changes in tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards notified under Section 133 of the Act. The Company has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RNEL", "Reliance Naval", "RNAVAL" are to Reliance Naval and Engineering Limited and / or its subsidiaries and associates.

About Reliance Naval

Reliance Naval and Engineering Limited (formerly Reliance Defence and Engineering Limited) has the largest engineering infrastructure in India and is one of the largest in the world. RNAVAL is the first private sector company in India to obtain licence and contract to build warships.

RNAVAL operates India's largest integrated shipbuilding facility with a Dry dock admeasuring 662 M x 65 M. The facility houses a modular shipbuilding facility with capacity to build fully fabricated and outfitted blocks. The fabrication facility is spread over 2.1 million sq. ft. The shipyard has a pre-erection berth of 980 meters length and 40 meters width, 2 Goliath cranes with combined lifting capacity of 1,200 tonnes, and an outfitting berth of 780 meters.

On September 4, 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").

Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has 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 5th May, 2020.

Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP.

The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

Industry Scenario

Defence Shipbuilding

The indigenization of India's defence production industry has always been a priority for the Government. To enhance defence production many policy level changes have been brought in, which encouraged participation of private sector, including MSMEs; and provided impetus for private companies to design and construct defence platforms. However, these policies have not led to any significant increase in shipbuilding orders for the private sector, as many of these orders have gone to PSUs/DPSUs on nomination basis.

However, with the Ministry of Defence likely to issue RFPs for multiple types of platforms, the defence business is looking up. The current size of the Indian Naval fleet is around 132 vessels, 220 aircraft and 15 submarines. There are 32 vessels that being built, or are contracted to be built, in private and public shipyards in India. By 2050, the Navy aims to have 200 ships, 500 aircraft and 24 submarines.

Commercial Shipbuilding

The commercial shipbuilding industry continues to be impacted by the Global slowdown with the Global Active Fleet growing by only 3% last year.

The three Asian shipbuilding giants, viz., China, South Korea and Japan, representing almost 95% of the global order book by deadweight, continued to fight fiercely for market share. In 2018, China consolidated its top position with a 43.1% market share. In second place Korea increased its market share to 27.5%, while Japan slipped back to 24.0% in third place. The 'rest of the world' (RoW) and Europe registered a marginal 3.8% and 1.6% share of the global market respectively.

Further, the Maritime Trade growth through Dry bulk, Tankers, & Container throughput dropped in 2018, in contrast to growth in 2017.

Thus, the Indian private shipbuilding industry is going through a prolonged stressed situation, with the result that two of the large private sector shipyards are in the process of liquidation, and the rest are operating at sub optimal levels of capacity utilization.

This has led to rethinking of the product mix, encompassing more verticals in the shipbuilding & Ship repair sector for viability of the shipyards in the private sector, especially with large capacity such as in case of this Company.

The Company is also facing several challenges which are impacting its operations. There is an acute cash flow crunch as the expected Debt Resolution is yet to be actualized. This is impacting the progress of the existing projects leading to extended timelines

Management Discussion and Analysis Report

and thereby leading to erosion of confidence amongst clients. The CIRP process has commenced and expected to be over by end December 2020

Indian Shipbuilding

The Shipbuilding industry is critical to India's strategic and economic interests and is characterized by high growth potential due to its multiplier effect on the economy. Shipbuilding has spin offs to other industries, including steel, engineering equipment, port infrastructure, trade and shipping services. Further, shipbuilding is a labour intensive industry with tremendous indirect potential in employment generation and contribution to GDP through high contribution from other industries.

Development of Indian Shipbuilding industry is no longer an option, but a strategic imperative as it is both an Economic Multiplier (11.2 times) through investment in the downstream Industry as well as an Employment Generator being a labour intensive industry and has a multiplier effect of 6.4 times on generation of employment in the entire value chain. Consequently, it provides livelihood for 32 persons for each Shipyard employee.

India has about 8,000 km long coastline, around 30 shipyards, 12 major ports and 200 ports under its jurisdiction. For a country that is predominantly peninsular with a massive coastline and about 1200 islands, exploitation of India's shipbuilding capabilities have not been in line with development in other sectors. India's long coastline acts as a strategic geographic advantage for the defence of the country. In order to be a maritime power, the defence sector needs state-of-the-art ships and naval forces. The Ship-building industry is intrinsically linked to defence of the country.

Apart from the construction of defence vessels of Indian Navy and Coast Guard, shipyards also contribute to the other commercial areas of oil and gas security, food and commodity security and commercial transportation. The changes in the ship-building activity have a cyclical and direct effect on other sectors as well.

The growth of shipbuilding is vital for Indian Economy and National Security because of a consistent growth in sea trade and the need to safeguard strategic sea lanes of communication. While Shipping provides global interconnectivity between the producers, manufacturers and markets all across the globe and Warships being essential assets, to safeguard the security of the sea lanes and coastlines from a national security perspective, there are emerging areas in the inland water navigation, coastal navigation (such as Sagarmala projects) and offshore Oil & Gas fields which would provide high employment opportunities and growth of GDP for the nation. To realize its growth potential, the sector needs to establish and achieve a critical mass. There is a huge scope for development of shipbuilding sector considering the availability of skilled labour and engineering capabilities.

BUSINESS OPPORTUNITIES

Defence Ship Building & Refits:

- **New orders for Defence Shipbuilding:**

In the defence ship production sector RFP's (Request for Proposals), for following projects were issued .

Next Generation Missile Vessel (NGMV),

Air Cushioned Vessel (ACV),

Diving Support Craft (DSC),

Survey Training Vessel (STV),

Fast Patrol Vessel (FPV),

Survey Vessel (SV),

Multi-Purpose Support Vessel (MPV),

High Speed Landing Craft (HSLC) and

Next Generation Offshore Patrol Vessel (NGOPV).

The Company has responded for some of them. However, company's offers were found meeting technical parameters but failed meeting financial criteria.

With regard to six nos Conventional Submarine Project (P75 I), Expression of Interest (EoI) issued by IHQ MoD (N) to foreign collaborators having design and construction experience and to Indian Shipyards during Q1/Q2 FY 20. IHQ MoD (N) has short listed ThyssenKrupp Marine Systems (Germany), Naval Group (France), and Rubin Design Bureau (Russia) as foreign partners and Mazagon Dock shipbuilders and L&T as Indian shipbuilders. EoI submitted by RINAVAL did not meet financial requirement stipulated for the project.

- **Repairs and Refits of Defence Ships:**

In case of the refit of defence ships there is huge demand due to limited availability of ship repair facility such as Dry docks, ship lifts and floating docks in the country. The majority of the PSU shipyards have over utilised facilities with new building activities and as a result there is a huge backlog of ship refits in the Indian defence forces. There are nearly 370 vessels operating for defence and para defence in India which requires refits of minimum period of 45 to 90 days. This entails a huge segmental upgradation requirement if the country has to sustain the health of its fleet. Ship repairs being applicable for maintenance of existing ships, require extensive ship repair facilities for multiple areas of engineering such as hull repairs, system repairs, electrical repairs, instrumentation, machinery repairs, joinery repairs, domestic system repairs etc. over and above the requirement of dry dock / shiplift/ floating dock for underwater hull and machinery maintenance.

Current orders being executed for Defence Shipbuilding:

New Construction

RINAVAL is currently engaged in construction of twenty ships for Indian Navy and Indian Coast Guard.

- Five Naval Offshore Patrol Vessels for Indian Navy (NOPV), and
- One Coast Guard Training Ship (CGTS) and Fourteen Fast Patrol Vessels (FPV) for Indian Coast Guard.

Current state of Projects

- The first NOPV has been launched and is currently undergoing trials before delivery; the second NOPV has been launched and is in advanced stage of systems integration. The other three NOPVs are under different stages of erection and assembly.
- Substantial progress has been made on CGTS and it is being readied for Basin trials
- Construction of three FPVs are at an advanced stage

Reliance Naval and Engineering Limited

Management Discussion and Analysis Report

- Major confidence building measures undertaken amongst Employees, Customers, Suppliers, and Government Authorities.
- Positive employee relations and engagement levels

The customers have indicated certain reservations regarding continuation of orders in view of the delays in delivery and no definite commitment of completion schedule. The matter is expected to be resolved during CIRP process.

Ship Repairs

The Company with its world class infrastructure has a completed multiple repairs and refits of Naval Ships of different types and is well equipped to undertake any repair requirements of Indian Defence Forces.

Overall Review

Reliance Naval is India's leading private sector Naval shipbuilding Company, with aggregate revenues of about ₹ 9,920.39 Lakhs and gross fixed assets of ₹ 6,36,702.11 Lakhs. The highlights of the performance of the Company during Financial Year 2019-20 are furnished hereunder:

- Total income of ₹ 9,920.39 Lakhs
- Net loss of ₹ 1,62,126.11 Lakhs

During the financial year, the interest expenditure increased to ₹ 1,32,737.46 Lakhs as compared to ₹ 1,26,672.73 Lakhs in the previous year. Cash loss for the year was ₹ 1,48,063.22 Lakhs as compared to ₹ 1,28,870.98 Lakhs in the previous year. Net loss for the year was ₹ 1,62,126.11 Lakhs as compared to ₹ 10,48,116.68 Lakhs in the previous year. The capital expenditure during the year was ₹ 10,833.84 Lakhs. Total gross fixed assets increased during the year to ₹ 6,36,702.11 Lakhs, with a negative net worth of ₹ 11,87,952.34 Lakhs.

Resources and Liquidity

The Company strives to maintain a conservative financial profile. The Company's consolidated gross debt at the end of the financial year stood at ₹ 12,09,757.91 Lakhs.

The Company sources funds for its long-term and project related financing requirements from a combination of internal accruals and external sources. The working capital requirements are met through commercial rupee credit lines provided by a consortium of Indian banks.

Key Financial Ratios

Sr. No.	Particular	FY 2019-20	FY 2018-19
1.	Debtors Turnover (Days)	14.56	20.54
2.	Interest Coverage Ratio	(0.17)	(0.06)
3.	Debt Equity Ratio	(1.02)	(1.06)
4.	Operative Profit Margin (%)	(2.02)	(0.06)
5.	Net Profit Ratio (%)	(16.36)	(56.77)
6.	Return on Net worth	(0.14)	(1.02)

Reason for Change in ratios:

Return on Net Worth is changed from (1.02) in Previous Year to (0.14) in current year. For last few years there is a downtrend in the shipbuilding industry globally and no new orders in commercial

ship building and oil & gas sectors are coming to Indian Shipyards, since it is economically unviable. In Indian defence sector also the process of awarding contract has been deferred in respect of many large orders for variety of reasons. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity. During the previous year, the Company based on the internal assessment valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating ₹ 783,304 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company had carried out the impairment review and even though it is hopeful of favorable outcome, provision for impairment aggregating to ₹ 75,326 lakhs had been made, considering the overall circumstances. Since Company's debt resolution plan is under discussion and not yet achieved, therefor, no further exposure is taken by the banks and as a result the Company is not able to take money from client.

Risks & Concerns

Naval Shipbuilding and Repairs

In spite of favorable policy framework in place, the private defence shipyards are grappling with gross underutilization of shipyard capacity. Major Defence shipbuilding programmes are nominated on DPSU shipyards, leaving only low value programmes coming up for competitive bidding. Even for the orders on competitive basis, private shipyards need to compete with DPSU yards that are already facing capacity constraints in executing large order backlog of nominated projects from MoD.

However, in the past few years, Government has initiated many new Defence shipbuilding programmes for Indian Navy and Indian Coast Guard. For effective patrolling of the coastal lines, pollution control and search & rescue operations, Coast Guard needs a large number of additional vessels. The defence business pipeline of ₹ 1,40,000 Cr over the next 12 years with a probability of 20% for Private Sector

Risk Management Framework

The Company has a defined risk policy and risk management framework for all units, functional departments and project sites. This helps in identifying, assessing and mitigating the risk that could impact the Company's performance and achievement of its business objectives. The risks are reviewed on an ongoing basis by respective Business Heads and Functional heads across the organization.

Adequacy of Internal Controls

The Company has an adequate system of management supervised internal financial controls which is aimed at achieving efficiency in operations, optimum utilization of resources, and compliance with all applicable laws and regulations. The internal financial control mechanism comprises a well defined organization structure, pre-determined authority levels with segregation of duty, risk assessment and management framework. The Company's manufacturing, health and safety policies and standard operating procedures are well documented and have various ISO and OHSAS certifications. The procurement and operational maintenance activities are planned well in advance to avoid any possible risk of late delivery of equipment and materials, delay in attending to maintenance needs, etc. The

Management Discussion and Analysis Report

Company stores and maintains on a regular basis, all the relevant data and information as a back up to avoid any possible risk of losing important business data.

Professional internal auditor review the systems and processes of the Company in coordination with Management Team and this is helpful in providing independent and professional opinion on the internal control systems. A qualified and independent audit committee of the Board reviews the internal audit reports, adequacy of internal controls and risk management framework every calendar quarter.

Human Resources

Human Resource at RNaval is a business partner and strategic enabler with complete focus on organizational development and employee engagement. This is largely due to the alignment of HR practices with business requirements and its quick response to challenges. HR is totally committed to the highest standards of corporate governance, business ethics, social responsibility, employee engagement, performance excellence, employee satisfaction with a work environment promoting transparency, meritocracy and ownership.

During the year, the Company has successfully met the manpower skill requirements emerging from our expanding businesses. The manpower as on March 31, 2020 was at 290 across all our businesses.

Performance Management

The cornerstone of a highly transparent and merit based performance management system at Reliance Naval is its practice of innovation and continual improvement of the processes that evaluates, acknowledges and appreciates the employee's performance. The successful implementation of 'Share, Outperform, Understand and Listen' (SOUL) initiative enhanced employee engagement and performance excellence. The Company's reward and recognition policy, compensation structure and employee engagement policy has been benchmarked to industry standards. Special retention plans are formulated to retain highly competitive talent. A comprehensive nonmonetary reward and recognition policy encourages and rewards outstanding contributions by individuals and teams. Initiatives of 5S at the shop floor levels have contributed to high

levels of motivation at the frontline levels.

Employee Relations and Welfare

The Company ensures health, safety and welfare of its employees with a robust foundation of policies and processes. The Company has provided extensive practical training on safety and undertaken a large number of safety measures like job safety assessment and adopted safe construction techniques at project sites. Throughout the year, the Company organized several medical camps, sports and cultural activities for the employees and their families. The Company has established proactive, harmonious industrial relations and inclusive practices with all employee bodies.

The shipyard has state-of-art Center of Excellence which provides training, certification from international classification agencies, for over 80 trainees simultaneously.

It is actively driving 'Skill Development' and 'Employment Generation' programs, to meet its skill requirements as well as enhance the growth and development in the extended locality. The objective of these programs has been to enable large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.

However, we had realized that very few women are entering in the technical. Engineering fields, probably due to lack of Industry demand for them. We feel that this is shortsighted and selective discrimination, as they are no less than the men. There is an urgent need to actively promote women participation in industrial trades like Fitter, Welder, Mechanic, Fabricator, Machinist, Electrician, Blaster/Painter, etc. This will further contribute to their economic growth and creation of an Empowered India through Womanpower.

Project Shakti was started by Reliance Naval to cater to this need, increase the availability of trained and certified technical resources by encouraging girls to take up technical fabrication roles, create a repository of professionally trained, certified and employable Woman-power in Reliance Shipyard, Gujarat, together with economic up-gradation of their families.

Project Shakti has rolled out the two batches of trained trades-women, who have already been productively engaged in the Pipe-spool fabrication Shop at the shipyard.

Our Corporate Governance Philosophy

Reliance Naval follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

Governance policies and practices

The Company has formulated a number of policies and introduced several governance policies to comply with the applicable and statutory and regulatory requirements.

A. Values and commitments

We have set out and adopted a policy document on 'Values and Commitments' of Reliance Naval. We believe that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. Code of ethics

Our policy document on the 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. Separation of the Chairman's supervisory role from the executive management

In line with best global practices, we have adopted a policy to ensure that the Chairman of the Board shall be a non-executive director.

E. Prohibition of Insider Trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. Whistle Blower Policy (Vigil Mechanism)

Our Whistle Blower Policy (Vigil Mechanism) encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personal action.

It is affirmed that no personnel has been denied access to the Audit Committee.

H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concerns in all our business activities.

I. Risk management

Our risk management procedures ensure that the management controls various business related risks through the means of a properly defined framework.

J. Board room practices

1. Chairman

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

2. Board charter

The Company has a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and functions of the Board and its various committees, etc.

3. Board committees

Pursuant to the provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Board has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Board has also voluntarily constituted Risk Management Committee.

4. Selection of Independent directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment as Independent Directors on the Board. The Committee, *inter-alia*, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which she / he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect her/ his status as an independent director, gives a declaration that she / he meets the criteria of independence as provided under law.

Corporate Governance Report

5. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed the time period as per the provisions of the Act and the Listing Regulations, as amended from time to time.

6. Independent directors' interaction with stakeholders

Members of the Stakeholders Relationship Committee guide the Committee on the suggestions and queries of the stakeholders, if any, which are forwarded to the Company Secretary.

7. Familiarisation of Board Members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction and core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents / brochures, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

The details of programmes for familiarisation of independent directors are put on the website of the Company at the link: <http://www.rnaval.co.in/web/rnaval/corporate-governance>.

8. Meeting of independent directors with operating teams

The independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others, as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

9. Subsidiaries

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies.

10. Commitment of Directors

The meeting dates for the entire financial year are

scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at the meetings of the Board and its Committees.

K. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards to provide guidance to directors and to facilitate to convening of meetings and is the interface between the management and the regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

L. Independent Statutory Auditors

The Company's accounts are audited by a leading independent audit firm M/s. Pathak H. D. & Associates LLP, Chartered Accountants.

M. Compliance with the Listing Regulations

The Company is fully compliant with the mandatory requirements of Listing Regulations except as otherwise provided elsewhere in this Report.

We present our report on compliance of the governance conditions specified in the Listing Regulations as follows:

I. Board of Directors

1. Board Composition - Board strength and representation

As on March 31, 2020, the Board comprised of five members. The composition and category of directors on the Board of the Company were as under:

Sr. No.	Names of Directors	DIN	Category
1.	Shri Pankaj Pandya #	00005701	Chairman-Independent Director
2.	Shri Ranjit Lahiry #	08587815	Independent Director
3.	Shri Debashis Bir*	01932925	Whole-time Director and Chief Executive Officer
4.	Shri Venkata Rachakonda	07014032	Non-Executive-Non Independent Director
5.	Ms. Shiby Jobby	08350238	Non-Executive-Non Independent Director

Shri Ranjit Lahiry and Shri Pankaj Pandya have resigned as Independent Directors of the Company w.e.f February 20, 2020 and February 27, 2020, respectively. The IRP has approved their resignations effective from April 09, 2020.

* Due to superannuation, Shri Debashis Bir has ceased to be Whole-time Director and CEO of the Company w.e.f. April 09, 2020. However, he continues to be a Non-Executive Director on the Board of the Company.

Reliance Naval and Engineering Limited

Corporate Governance Report

Notes:

- a. None of the directors are related to any other director and none of the directors has any business relationship with the Company.
- b. None of the directors have received any loans and advances from the Company during the financial year.
All the Independent Directors of the Company furnish a declaration at the time of their appointment and also annually that they meet the criteria of independence as provided under law. The Board reviews the same and is of the opinion, that the independent directors fulfill the conditions specified in the Act and the Listing Regulations and are independent of the management.

2. Conduct of Board proceedings

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following key functions in addition to overseeing the business and the management:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

- g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Carrying out the performance evaluation of Board, its Committees and individual directors.
- j. Review the policy on materiality of Related Party Transactions and threshold limits, and update accordingly.

3. Board meetings

The Board held three meetings during the financial year 2019-20 on May 28, 2019, August 10, 2019 and October 24, 2019. The maximum time gap between any two meetings during the year under review was 75 days and the minimum gap was 74 days.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 17 of the Listing Regulations relating to Board of Directors are not applicable to the Company. The roles and responsibilities of the Board of Directors are being fulfilled by the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020. IRP/RP held meetings with the management of the Company for consideration and approval of quarterly/yearly financial results in terms of Section 134 of the Act and Regulation 33 of the Listing Regulations.

The Board periodically reviews compliance reports of all laws applicable to the Company.

4. Attendance of Directors

Attendance of directors at the Board Meetings held during the financial year 2019-20 and the last Annual General Meeting (AGM) held on September 28, 2019 and the details of directorships (calculated as per the provisions of Section 165 of the Act), Committee Chairmanships and Committee Memberships held by the directors as on March 31, 2020 were as under:

Name of Directors	Number of meetings attended out of three meetings held	Attendance at the last AGM held on September 28, 2019	Number of directorships (including RNaval)	Committee(s) Membership / Chairmanship (including RNaval)	
				Membership	Chairmanship
Shri Debashis Bir	3	Present	1	2	0
Shri K Ravikumar (till September 04, 2019)	2	N.A	N.A	N.A.	N.A.
Ms. Ankita Tallur (till November 01, 2019)	1	Absent	N.A	N.A	N.A
Shri Pankaj Pandya (till April 09, 2020)	3	Present	1	2	2

Corporate Governance Report

Name of Directors	Number of meetings attended out of three meetings held	Attendance at the last AGM held on September 28, 2019	Number of directorships (including RNaval)	Committee(s) Membership / Chairmanship (including RNaval)	
				Membership	Chairmanship
Shri Ranjit Lahiry (w.e.f. October 24, 2019 till April 09, 2020)	1	N.A	1	1	0
Shri Gyan Prakash (w.e.f. October 24, 2019 till December 06, 2019)	1	N.A	NA	N.A	N.A
Shri Venkata Rachakonda	2	Absent	8	N.A.	N.A.
Ms. Shiby Jobby	2	Absent	3	1	0

Notes:

- a. None of the Directors holds directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act. None of the Directors hold directorships in more than 8 listed entities in accordance with the provisions of Regulation 17A(1) of the Listing Regulations.
- b. None of the directors holds membership of more than 10 committees of the Board, nor, is a Chairman of more than 5 committees across the Board of all listed entities.
- c. No non-executive director has attained the age of 75 years, except Shri Pankaj Pandya, for which the approval of the Members has been obtained by way of special resolution at the Annual General Meeting held on September 28, 2019.
- d. None of the Independent Director holds the position of the Independent Director in more than seven listed companies as required under the Listing Regulations.
- e. None of the Director has been appointed as Alternate Director for Independent Director.
- f. The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1) (b) of the Listing Regulation: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
- g. The committee membership and chairmanship above excludes membership and chairmanship in private Companies, foreign companies and Section 8 Companies.
- h. Membership of Committees includes Chairmanship, if any.
- i. The Company's Independent Directors meet at least once in every financial year without the attendance of Non-Independent Directors and members of Management. One meeting of Independent Directors was held during the financial year on May 28, 2019.

5. Directorships in other listed entities:

None of the directors of the Company are holding directorships in any other listed company as on March 31, 2020.

6. Resignation of independent directors:

During the year under review following independent directors have resigned from the Board of the Company:

Sr. No.	Name	Date of Resignation	Detailed reason
1	Shri K Ravikumar	04-09-2019	Pre-occupation and personal reasons
2.	Shri Pankaj Pandya	09-04-2020	Due to commencement of Corporate Insolvency Resolution Process
3.	Shri Ranjit Lahiry	09-04-2020	Non-receipt of sitting fees

The Independent Directors have confirmed that there are no other material reasons for resignation other than those provided above.

7. Core Skills / Expertise / Competencies available with the Board

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The coreskills / expertise / competencies required in the Board in the context of the Company's business for the effective functioning, as identified by the current Board of Directors of the Company are tabulated below:

Reliance Naval and Engineering Limited

Corporate Governance Report

Core skills/ competencies/ expertise	Shri Pankaj Pandya	Shri Debashis Bir	Shri Ranjit Lajiry	Shri Venkata Rachakonda	Ms Shiby Jobby
Leadership / Operational experience	✓	✓	✓	✓	✓
Strategic Planning	✓	✓	✓	✓	✓
Sector / Industry Knowledge & Experience, Research & Development and Innovation	✓	✓	✓	✓	✓
Technology	✓	✓	✓	✓	-
Financial, Regulatory / Legal & Risk Management	✓	✓	✓	-	-
Corporate Governance	✓	✓	✓	✓	✓

8. The abbreviated resumes of all the Directors are furnished hereunder:

Shri Debashis Bir, 65 years, is a Science Graduate and has a bachelor degree in Science (Hons.) from Calcutta University and B.Tech. (Hons.) in Naval Architecture from IIT, Kharagpur. Shri Bir has over 41 years of experience in Ship Design and Construction, Ship Repairs, Design & Development of Shipyard infrastructure, Financial Planning, Bidding and Strategic pricing of Projects, Business Development and Customer Management at Global levels.

Shri Bir has joined the Company as President (Shipbuilding) w.e.f. August 16, 2007 and after developing the Yard's 'state-of-the-art' Infrastructure, Utilities and Services, implementation of policies and processes, he was elevated as the Chief Operating Officer. Thereafter, Shri Bir served as Head - Business Development based in Delhi for 2 years before being brought in again as COO to Reliance Shipyard in July 2015. Prior to that, Shri Debashis Bir has served in number of ship construction companies including, Alcock Ashdown Ltd., Alang Marine and Chowgule Group.

Shri Bir is the Chairman of Securities Allotment and Transfer Committee and a member of the Audit Committee, Stakeholders Relationship Committee, Risk Management Committee, Resolution Plan Committee and Corporate Social Responsibility Committee of the Board of the Company.

As on March 31, 2020, Shri Debashis Bir did not hold any equity share of the Company.

Ms. Shiby Jobby, 41 years, is a P.G.D.B.A (Human Resources). She has 17 years of rich experience in the area of human resources.

She is associated with Reliance group since August 2005 and at present, an employee of Reliance Defence Limited. She is also on the Board of subsidiary companies of the Company, as non-executive and non-independent director.

Ms. Shiby Jobby is the member of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Resolution Plan Committee, of the Board of the Company.

As on March 31, 2020, Ms. Shiby Jobby did not hold any equity share of the Company.

Shri Venkata Rachakonda, 55 years, is a MBA (International Marketing). He has 25 years of rich experience in the area of Import-Export, Customs and Foreign Trade Policies. He is

associated with Reliance group since December 2003.

He currently serves as a director on the Board of REDS Marine Services Limited, RMOL Engineering and Offshore Limited, E Complex Private Limited, Jayamkondam Power Limited, Reliance Energy Limited, Reliance Energy Trading Limited, and CBD Tower Private Limited.

Shri Venkata Rachakonda is a member of Corporate Social Responsibility Committee, Securities Allotment and Transfer Committee, Risk Management Committee and Resolution Plan Committee, of the Board of the Company.

As on March 31, 2020, Shri Venkata Rachakonda did not hold any equity share of the Company.

9. Insurance coverage

The Company has obtained Director's and Officers' liability insurance coverage in respect of any legal action that might be initiated against the Directors / officers of the Company and its subsidiary companies.

II. Audit Committee

The Audit Committee of the Board, constituted in terms of Section 177 of the Act and the Listing Regulations, was duly reconstituted during the year to give effect to the change in the Board constitution. The composition and terms of reference of Audit Committee are in Compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws. The re-constituted Audit Committee of the Board of Directors as on March 31, 2020, comprised of two independent directors and one executive director of the Company viz. Shri Pankaj Pandya as Chairman, Shri Ranjit Lahiry and Shri Debashis Bir as members. All the members of the committee are financially literate.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 18 of the Listing Regulations relating to Audit Committee are not applicable to the Company. The roles and responsibilities of the Audit Committee are being fulfilled by the RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

The Audit Committee, *inter-alia*, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

Corporate Governance Report

The terms of reference, *inter-alia*, comprises the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial Information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for the appointment, remuneration and term of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statement and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility statement to be included in Boards Reporting terms of Clause (C) of Sub Section 3 of Section 134 of the Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statement before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (8) above;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the company, wherever it is necessary;
12. Review the Company's established system and processes of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Reviewing the compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall also verify that the systems for internal control are adequate and are operating effectively; and
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is also authorized to:

- a. Investigate any activity within its terms of reference;
- b. Seek any information from any employee;
- c. Have full access to information contained in the records of the Company;
- d. Obtain outside legal and other professional advice;
- e. Secure attendance of outsiders with relevant expertise, if it considers necessary;
- f. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
- g. Review financial statements before submission to the Board; and

Reliance Naval and Engineering Limited

Corporate Governance Report

- h. Discuss any related issues with the internal and statutory auditors and the management of the Company.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
6. Statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the listing regulations.
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the listing regulations.

Attendance at the meetings of the Audit Committee held during financial year 2019-20

The Audit Committee held its meetings on May 28, 2019, August 10, 2019 and October 24, 2019. The maximum gap between any two meetings during the year under review was 75 days and the minimum gap was 74 days, respectively.

Attendance at the meeting of the Audit Committee held during financial year 2019-20, is as follows:

Members	Number of Meetings	
	Held during the tenure	Attended
Shri K Ravikumar (till September 04, 2019)	2	2
Shri Debashis Bir	3	3
Shri Pankaj Pandya	3	3
Shri Ranjit Lahiry (w.e.f. October 24, 2019)	1	1

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The Committee considered all the points in terms of reference at periodic intervals.

The Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The management has represented to the Committee that the Company's financial statements were prepared in accordance with the prevailing laws and regulations.

The Committee discussed the Company's audited financial statement, the rationality of significant judgments and clarity of disclosures in the financial statement. Based on the review and

discussions conducted with the management and the auditors, the Audit Committee believes that the Company's financial statement is presented in conformity with the prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the Internal as well as the Statutory Auditors.

III. Nomination and Remuneration Committee

The Nomination and Remuneration Committee, constituted in terms of Section 178 of the Act and the Listing Regulation, was duly re-constituted during the year to give effect to the changes in the Board composition. The re-constituted Nomination and Remuneration Committee comprises of three directors, viz. Shri Ranjit Lahiry as Chairman, and Shri Pankaj Pandya and Ms. Shiby Jobby, as members as on March 31, 2020.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 19 of the Listing Regulations relating to Nomination and Remuneration Committee are not applicable to the Company. The roles and responsibilities of the Nomination and Remuneration Committee are being fulfilled by the RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The terms of reference, *inter-alia*, comprises the following:

- a. To follow the process for selection and appointment of new directors and succession plans.
- b. To recommend to the Board from time to time, a compensation structure for directors and the senior management personnel.
- c. To identify persons who are qualified to be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and / or removal to the Board.
- d. To formulate the criteria for evaluation of Independent Directors and the Board and the committee(s) thereof.
- e. To assess whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;
- g. To devise a policy on Board diversity.
- h. To perform functions relating to all share based employees benefits; and
- i. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to,

Corporate Governance Report

the remuneration of the directors, key managerial personnel and other employees.

- j. To recommend to the Board all remuneration, in whatever form, payable to the senior management.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employee has been provided as an Annexure to the Directors Report.

The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on September 28, 2019.

The Nomination and Remuneration Committee held its meeting on May 28, 2019, August 10, 2019 and October 24, 2019.

Attendance at the meeting of the Nomination and Remuneration Committee held during 2019-20, is as follows:

Members	Number of Meetings	
	Held during the tenure	Attended
Shri K Ravikumar (till September 04, 2019)	2	2
Shri Pankaj Pandya	3	3
Ms. Shiby Jobby	3	2
Shri Ranjit Lahiry (w.e.f. October 24, 2019)	1	1

Criteria for making payments to non-executive directors

The remuneration to non-executive directors is benchmarked with the relevant market and performance oriented, balance between financial and sectoral market, based on comparative scales, aligned to corporate goals, role assumed and number of meetings attended.

Details of sitting fees and commission paid / payable to the Non-Executive Directors during the Financial Year ended March 31, 2020.

(₹ in Lakhs)

Sr No	Name	Designation	Sitting Fees	Commission	Total
1.	Shri K Ravikumar (till September 04, 2019)	Independent Director	3.60	-	3.60
2.	Shri Pankaj Pandya	Independent Director	5.20	-	5.20
3.	Shri Ranjit Lahiry (w.e.f October 24, 2019)	Independent Director	1.20	-	1.20
4.	Ms. Ankita Tallur (till November 01, 2019)	Non Executive Director	-	-	-
5.	Ms. Shiby Jobby	Non Executive Director	-	-	-
6.	Shri Venkata Rachakonda	Non Executive Director	-	-	-
Total			10.00		10.00

Notes:

(₹ in lakhs)

- a. There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- b. The Company has so far not issued any stock options to its non-executive directors.
- c. Pursuant to the limits approved by the Board, all non-executive independent directors, were paid sitting fees of ₹ 40,000 (excluding taxes as applicable) for attending each meeting of the Board and its committees, except Resolution Plan Committee.
- d. The Company did not pay any amount to the Non-Executive Directors by the way of salary, perquisites and commission.

Sr. No.	Particulars	Shri Debashis Bir	Shri Gyan Prakash
1	Remuneration	89.87	10.91
2	Performance Link Incentives	3.56	Nil
3	Perquisites	Nil	Nil
4	Benefits, bonuses, stock options, pension, etc.	Nil	Nil
Total		93.42	10.91

Service contracts - No
Notice Period - 3 months
Severance fees - No

Details of payments to Executive Directors:

Disclosure as required under Schedule V of the Act with respect to the remuneration paid to Shri Debashis Bir and Shri Gyan Prakash, Executive Directors are as follows:

IV. Stakeholders Relationship Committee

The Stakeholders Relationship Committee was duly re-constituted during the year in terms of Section 178 of the Act and Listing Regulations to give effect to the changes in the Board composition. The re-constituted Stakeholders Relationship Committee comprises of three directors, viz. Shri Pankaj Pandya as Chairman and Shri Ranjit Lahiry and Ms. Shiby Jobby, as members as on March 31, 2020.

The composition and terms of reference of SRC are in compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 20 of the Listing Regulations relating to Stakeholders Relationship Committee are not applicable to the Company. The roles and responsibilities of the Stakeholders Relationship Committee are being fulfilled by the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

The terms of reference, *inter-alia*, comprises the following:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings, etc.
- To review and approve the transfer, transmission and transposition of securities of the Company or to sub delegate such powers;
- To approve the issue of new/duplicate certificates for shares/debentures or such other securities;
- To review the transfer of amount and shares to the Investor Education and Protection Fund;
- To review periodical reports which may be in the interest of the stakeholders of the Company;
- To review the measures taken for effective exercise of voting rights by shareholders.
- To review the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent.
- To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.
- To carry out such other functions as may be delegated by the Board.

Attendance at the meeting of the Stakeholders Relationship Committee held during the financial year 2019-20 is as follows:

The Stakeholders Relationship Committee held its meetings on May 28, 2019, August 10, 2019, and October 24,

2019 during the financial year 2019-20. The maximum gap between any two meetings during the year under review was 75 days and the minimum gap was 74 days, respectively.

Members	Number of Meetings	
	Held during the tenure	Attended
Shri Debashis Bir	3	3
Shri K Ravikumar (till September 04, 2019)	2	2
Shri Pankaj Pandya	3	3
Ms. Shiby Jobby	3	2

The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

V. Corporate Social Responsibility (CSR) Committee

The CSR Committee was duly reconstituted during the year in terms of Section 135 of the Act to give effect to the changes in the Board Composition. The composition and terms of reference of CSR Committee are in compliance with the applicable provisions of the Act and other applicable laws. The re-constituted CSR Committee comprises of Shri Pankaj Pandya as Chairman and Shri Debashis Bir and Shri Venkata Rachakonda as members as on March 31, 2020.

The CSR Committee has formulated a CSR policy indicating the activities to be undertaken by the Company.

The Committee's constitution and terms of reference meet with the requirements of the Act.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended. The roles and responsibilities of the Corporate Social Responsibility Committee are being fulfilled by the RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

The CSR Committee held one meeting on May 28, 2019 during the financial year 2019-20, which was attended by Shri Pankaj Pandya and Shri Debashis Bir.

The Company Secretary acts as the Secretary to the CSR Committee.

VI. Risk Management Committee

The Board of Directors has voluntarily constituted a Risk Management Committee (RMC). The Committee was duly reconstituted by the Board of Directors of the Company to give effect to the changes in the Board Composition. As on March 31, 2020 the RMC comprises of three directors Shri Ranjit Lahiry as Chairman, Shri Debashis Bir, Shri Venkata Rachakonda and Shri Madan Pendse (Chief Financial Officer), as members.

The Company Secretary acts as Secretary to the Committee.

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations

Corporate Governance Report

21 of the Listing Regulations relating to Risk Management Committee are not applicable to the Company. The roles and responsibilities of the Risk Management Committee are being fulfilled by the RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

The Committee is authorized to discharge its responsibilities as follows:

1. Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
2. Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks.
3. Review and monitor the risk management plan and shall specifically cover cyber security.
4. Set reporting guidelines for management.
5. Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company.
6. Oversight of internal systems to evaluate compliance with corporate policies.
7. Provide guidance to the Board on making the Company's risk management policies.
8. Subsidiary companies monitoring framework.

During the year, no meeting of the Risk Management Committee was held.

VII. Compliance Officer

Company Secretary is the Compliance Officer for complying with the requirements of various provisions of Laws, Rules, Regulations applicable to the Company including SEBI Regulations and the Uniform Listing Agreements executed with the Stock Exchanges.

VIII. General Body Meetings:

The Company held its last three Annual General Meetings as under:

Financial Year	Date and Time	Whether Special Resolution(s) passed or not (through electronic voting and physical ballot)
2018-19	September 28, 2019 at 10.30 A.M.	Yes (i) Appointment of Shri Pankaj Pandya as an Independent Director (ii) Re-appointment of Shri Debashis Bir as the Whole-time Director (iii) Change of name of the Company

Financial Year	Date and Time	Whether Special Resolution(s) passed or not (through electronic voting and physical ballot)
2017-18	September 29, 2018 at 10.30 A.M.	Yes (i) Appointment and approval for remuneration payable to Shri Debashis Bir as Whole-time Director. (ii) Appointment of Shri Raj Narain Bhardwaj as an Independent Director
2016-17	August 22, 2017 at 2.00 P.M.	Yes (i) Appointment of Cmde. (Retd.) Kartik Subramaniam as Whole-Time Director (ii) Change the Name of the Company

All the above Annual General Meetings were held at the registered office of the Company at Pipavav Port, Post Ucchayia, Via-Rajula, Dist. Amreli 365 560, Gujarat.

During the year, there was no Extra-ordinary General Meeting held by the Company.

IX. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2019-20.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

X. Details of Utilisation

During the year, the Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations.

XI. Means of Communication

a. Quarterly Results:

Quarterly Results are published in the Business Standard (English) newspaper circulating substantially the whole of India and in Amreli Express (Gujarati) vernacular newspaper and are also posted on the Company's website: <http://www.rnaval.co.in/web/rnaval/financial-results>.

b. Media Releases and Presentations:

Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

c. Website:

The Company's website <http://www.rnaval.co.in> contains a separate dedicated section on 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Reports of the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business

Corporate Governance Report

activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as required in terms of Listing Regulations is provided on the Company's website and the same is updated regularly.

d. Annual Report:

The Annual Report containing, *inter-alia*, Notice of Annual General Meeting, Audited Financial Statements, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Corporate Governance Report, Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.

The Act read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. In compliance with the various relaxations provided by SEBI and MCA due to COVID-19 Pandemic, the Company e-mails the soft copies of Annual report to all those members whose e-mail IDs are available with Company/ depositaries or its Register and Transfer Agent and has urged the other Members to register their E-mail IDs to receive the said communication.

e. NSE-National Electronic Application Processing System (NEAPS):

The NEAPS is a web based system designed by NSE for corporates. The shareholding pattern, corporate governance report, corporate announcements, media releases, financial results, etc. are also filed electronically on NEAPS.

f. BSE Corporate Compliance and Listing Centre ("Listing Centre"):

The Listing Centre is web based application designed by BSE for corporate. The Shareholding Pattern, Corporate Governance Report, Corporate Announcement, media releases, financial results, etc. are also filed electronically on the Listing Centre.

g. Unique Investor Helpdesk:

Exclusively for investor servicing, the Company has set up unique investor Help Desk with multiple access modes as under:

Toll free No. (India) : 1800 4250 999
Telephone No. : +91 40 6716 1500
Fax No. : +91 40 6716 1791
Email : ris.rdel@kfintech.com

h. Designated email-id:

The Company has also designated email-id: rdel.investors@relianceada.com exclusively for investor servicing.

i. SEBI Complaint Redressal System (SCORES):

The investors' complaints are also being processed through the centralised web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can

view online, the actions taken and current status of the complaints. In its efforts to improve ease of doing business, SEBI has launched a mobile app "SEBI SCORES", making it easier for investors to lodge their grievances with SEBI, as they can now access SCORES at their convenience of a smart phone.

XII. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this annual report and includes discussions on various matters specified under Regulation 34(2) and Schedule V of the Listing Regulations.

XIII. Subsidiaries

As per the Policy for determining material subsidiaries, the Company does not have any material non-listed Indian subsidiary company. The Company's policy for determining material subsidiaries may be accessed on the Company's website at the link <https://www.rnaval.co.in/web/rnaval/corporate-governance>.

The Company monitors performance of subsidiary companies, *inter-alia*, by the following means:

- Financial statement, in particular the investments made by unlisted subsidiary companies are reviewed periodically by the Audit Committee of the Company.
- Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
- Review of Risk Management process by the Risk Management Committee/Audit Committee/Board.

XIV. Disclosures

- There has been no non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority except for the prior intimation of Board Meeting and approval of unaudited Financial Results for the quarter ended December 31, 2019, within the prescribed due date, for which the company has paid fine in terms of Circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018.

b. Related Party Transactions

During the financial year 2019-20, no transactions of material nature have been entered into by the Company that may have a potential conflict with the interests of the Company. The details of related party transactions are disclosed in Notes to Accounts. The policy on dealing with related party transactions is placed on the Company's website: <https://www.rnaval.co.in/web/rnaval/corporate-governance>

c. Accounting Treatment

In the preparation of Financial Statement, the Company has followed the Companies (Indian Accounting Standards)

Corporate Governance Report

Rules, 2015 ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. Code of Conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website at web link: <http://www.rnaval.co.in/web/rnaval/corporate-governance>. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the RP * of the Company is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management of the Company for the financial year 2019-20."

Sudip Bhattacharya
Resolution Professional

*Note- There is no CEO on the Board of the Company as on the date of approval of this report.

e. CEO and CFO certification

Shri Madan Pendse, Chief Financial Officer of the Company have provided certification on financial reporting and internal controls to the Board as required under Regulation 17(8) of the Listing Regulations. There is no CEO on the Board of the Company as on the date of approval of this report.

f. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2020 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

g. Certificate from a Company Secretary in Practice

Pursuant to the provisions of Schedule V of Listing Regulations the Company has obtained a certificate from M/s Mamta Phalak & Associates, a practicing company secretary stating that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any other statutory authority. The copy of the same forms part of this Annual Report.

h. Payment to Statutory Auditors

A total fee provided by the Company and its subsidiaries, on a consolidated basis, for all services to the Statutory Auditor is as follows:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1	Audit Fees	50
2	Certification Charges	-
3	Other Matters	-
Total		50

No payment was made to any entities in the network firm/network entity of which the statutory auditor is a part.

i. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As reported by Internal Complaint Committee, during the year under review the Company was observed zero tolerance against sexual harassment and no complaint was received.

j. Ratings assigned by rating agencies and revision thereto during the financial year 2019-20: Not applicable

k. During the financial year 2019-20, the Company has not raised funds through preferential allotment or qualified institutional placement.

XV. Policy on prohibition of insider trading

The Company has formulated the "Reliance Naval and Engineering Limited- Code of Practices and Procedures and Code of Conduct to regulate, monitor and report trading in securities and Fair Disclosure of Unpublished Price Sensitive Information" ('Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), as amended from time to time.

The Company Secretary is the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, *inter-alia*, prohibits purchase and / or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website at the web link https://www.rnaval.co.in/documents/1365184/1372035/Fair_Disclosure_of_UPSI.pdf.

Pursuant to the PIT Regulations, the Trading Window for dealing in the securities of the Company by the designated persons shall remain closed during the period from end of every quarter / year till the expiry of 48 hours from the declaration of quarterly / yearly financial results of the Company.

XVI. Compliance of Regulation 34(3) and para F of Schedule V of the Listing Regulations

As per Regulation 34(3) read with Para F of Schedule V of Listing Regulations, the details in respect of equity shares lying in "Unclaimed Suspense Account - Reliance Naval and Engineering Limited" were as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares lying in the suspense account as on April 1, 2019	14	3577

Reliance Naval and Engineering Limited

Corporate Governance Report

Sr. No.	Particulars	No. of shareholders	No. of shares
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	NIL	NA
3	Number of shareholders to whom shares were transferred from suspense account during the year.	NIL	NA
4	Aggregate number of shareholders and the outstanding shares lying in the suspense account as on March 31, 2020.	14	3577

The Voting rights on the shares outstanding in the suspense account as on March 31, 2020, shall remain frozen till the rightful owners of such shares claim the shares.

Wherever the shareholders have claimed the shares, after proper verification, the shares were credited to the respective beneficiary account.

XVII. Compliance with non-mandatory requirements

1. The Board

Our Chairman is non-executive Chairman.

2. Audit qualifications

The qualification and management response to it are mentioned in the Director's Report forming part of this report.

3. Separate posts of Chairman and CEO

The Company has appointed Shri Debashis Bir as CEO of the Company. Thus Company maintains separate posts of Chairman and CEO.

4. Reporting of Internal Auditor

The internal auditor directly reports to the Audit Committee of the Company.

XVIII. General shareholder information

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Certificate from Company Secretary in Practice on corporate governance

The certificate from Practicing Company Secretary on compliance of Regulation 34(3) of the Listing Regulations relating to corporate governance is published elsewhere in this report.

Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Naval and Engineering Limited, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

Compliance of Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations

Sr. No.	Particulars	Regulations	Compliance Status	Compliance Observed
1.	Board of Directors	17 *	Yes	<ul style="list-style-type: none"> ● Composition & Meetings ● Quorum of Board Meetings ● Review of compliance reports & compliance certificate ● Plans for orderly succession for appointments ● Code of Conduct ● Fees / compensation to Non-Executive Directors ● Minimum information to be placed before the Board ● Risk assessment and management ● Performance evaluation ● Recommendation of the Board
2.	Maximum number of Directorship	17A	Yes	<ul style="list-style-type: none"> ● Directorship in listed entities
3.	Audit Committee	18 *	Yes	<ul style="list-style-type: none"> ● Composition & Meetings ● Quorum of the Committee ● Power of the Committee ● Role of the Committee and review of information by the Committee
4.	Nomination and Remuneration Committee	19 *	Yes	<ul style="list-style-type: none"> ● Composition ● Quorum of the Committee ● Role of the Committee

Corporate Governance Report

Sr. No.	Particulars	Regulations	Compliance Status	Compliance Observed
5.	Stakeholders Relationship Committee	20 *	Yes	<ul style="list-style-type: none"> ● Composition ● Role of the Committee
6.	Risk Management Committee	21	Not Applicable	<ul style="list-style-type: none"> ● Composition ● Role of the Committee
7.	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> ● Review of Vigil Mechanism for Directors and employees ● Direct access to Chairperson of Audit Committee
8.	Related Party Transactions	23	Yes	<ul style="list-style-type: none"> ● Policy of Materiality of Related Party Transactions and dealing with Related Party Transactions ● Approval including omnibus approval of Audit Committee ● Review of Related Party Transactions ● No material Related Party Transactions ● Disclosure of Related Party Transactions on consolidated basis
9.	Subsidiaries of the Company	24	Yes	<ul style="list-style-type: none"> ● Appointment of Company's Independent Director on the Board of material subsidiary –Not Applicable ● Review of financial statements of subsidiary by the Audit Committee ● Minutes of the Board of Directors of the subsidiaries are placed at the meeting of the Board of Directors ● Significant transactions and arrangements of subsidiary are placed at the meeting of the Board of Directors
10.	Secretarial Compliance Report	24A	Yes	<ul style="list-style-type: none"> ● Secretarial Compliance Report
11.	Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> ● No alternate director for Independent Directors ● Maximum Directorship and tenure ● Meetings of Independent Directors ● Cessation and appointment of Independent Directors ● Familiarisation of Independent Directors ● Declaration by Independent Directors ● Director's & Officer's Insurance
12.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes	<ul style="list-style-type: none"> ● Memberships / Chairmanships in Committees ● Affirmation on compliance of Code of Conduct by Directors and Senior Management ● Disclosure of shareholding by Non-Executive Directors ● Disclosures by Senior Management about potential conflicts of interest ● No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter
13.	Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> ● Compliance with discretionary requirements ● Filing of quarterly compliance report on Corporate Governance
14.	Website	46(2) (b) to Yes (i)		<ul style="list-style-type: none"> ● Terms and conditions for appointment of Independent Directors ● Composition of various Committees of the Board of Directors ● Code of Conduct of Board of Directors and Senior Management Personnel ● Details of establishment of Vigil Mechanism / Whistle-blower policy ● Policy on dealing with Related Party Transactions ● Policy for determining material subsidiaries ● Details of familiarization programmes imparted to Independent Directors

***Note:-**

Consequent to the Commencement of CIR Process, the powers of the Board of Directors and its Committees stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 17, 18, 19 and 20 of the Listing Regulations relating to Board of Directors and its Committees are not applicable to the Company. The roles and responsibilities of the Board of Directors and its Committees are being fulfilled by the IRP/RP in accordance with the provisions of Section 17 and 23 of the Insolvency Code w.e.f. January 15, 2020.

Reliance Naval and Engineering Limited

Certificate on Corporate Governance by Practicing Company Secretary

To

The Members

Reliance Naval and Engineering Limited

Pipavav Port, Post Ucchhaiya, Via Rajula,
Dist. Amreli- 365 560, Gujarat

We have examined the compliance of the conditions of Corporate Governance by Reliance Naval and Engineering Limited ('the Company') for the year ended on March 31, 2020, as stipulated under regulations 17 to 27, clauses (b) to (i) of sub Regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('The Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the financial year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or

effectiveness with which the management has conducted the affairs of the Company. The certificate is solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

Note: Consequent to the Commencement of Corporate Insolvency Resolution Process, the powers of the Board of Directors stands suspended and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 17, 18, 19, 20 and 21 of the Listing Regulations relating to Board of Directors and its Committees are not applicable to the Company. The roles and responsibilities of the Board of Directors and its Committees are being fulfilled by the Resolution Professional in accordance with the provisions of Section 17 and 23 of the Insolvency and Bankruptcy Code, 2016 w.e.f. January 15, 2020.

For **Mamta Phalak & Associates**

Mamta Phalak

Practicing Company Secretary
ACS 47989/ CP 18918

July 31, 2020

UDIN: A047989B000927991

No Disqualification Certificate from Company Secretary in Practice

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members

Reliance Naval and Engineering Limited

Pipavav Port, Post Ucchahiya, Via Rajula,

Dist. Amreli- 365 560, Gujarat

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Reliance Naval and Engineering Limited having CIN : L35110GJ1997PLC033193 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

List of Directors of the Company:

Sr. No.	Name of Director	DIN	Date of appointment	Date of Cessation
1	K Ravikumar	00119753	29.09.2017	04.09.2019
2	Ranjit Lahiry	08587815	24.10.2019	09.04.2020
3	Gyan Prakash	08589064	24.10.2019	06.12.2019
4	Ankita Tallur	08350243	02.02.2019	01.11.2019
5	Pankaj Pandya	00005701	30.03.2019	09.04.2020
6	Debashis Bir	01932925	01.04.2018	
7	Venkata Rachakonda	07014032	30.03.2019	
8	Shiby Jobby	08350238	30.03.2019	

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mamta Phalak & Associates**

Mamta Phalak

Practicing Company Secretary

ACS 47989/ CP 18918

July 31, 2020

UDIN: A0479898000928253

Reliance Naval and Engineering Limited

Investor Information

Important Points

Investor should hold securities in dematerialised form as transfer of shares in physical form is no longer permissible.

As mandated by SEBI, w.e.f. April 1, 2019, request for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository except for transmission and transposition of securities.

Members are advised to dematerialise shares in the Company to facilitate transfer of shares.

Holding securities in dematerialised form is beneficial to the investors in the following manner:

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc;
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address/ bank account details as change with Depository Participants (DPs) gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same is done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/ split/ consolidation/ merger, etc;
- Convenient method of consolidation of folios/ accounts;
- Holding investments in Equity, Debt Instruments, Government Securities, Mutual Fund Units, etc. in a single account;
- Ease of pledging of securities; and
- Ease in monitoring of portfolio.

Members holding shares in Physical mode:

- a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Kfintech, if not registered with the Company as mandated by SEBI.
- b. are advised to register the nomination in respect of their shareholding in the Company. Nomination Form (SH-13) is put on the Company's website <https://www.rnaval.co.in>.
- c. are requested to register / update their e-mail address with the Company / Kfintech for receiving all communications from the Company electronically.

Members holding shares in electronic mode:

- a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.

- b. are advised to contact their respective DPs for registering the nomination.
- c. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in a single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

Intimate mobile number

Shareholders are requested to intimate their mobile number and changes therein, if any, to Kfintech, if shares are held in physical form or to their DP if the holding is in electronic form, to receive communications on corporate actions and other information of the Company.

Submit Nomination Form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares held in dematerialised form.

Form may be downloaded from the Company's website, <http://www.rnaval.co.in> under the section "Investor Relations".

However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediaries so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like bonus/ split/ consolidation/ merger, etc. in electronic form by providing their demat account details to the Company's RTA.

Register e-mail address

Investors should register their email address with the Company/ Depository Participants. This will help them in receiving all communications from the Company electronically at their email address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website <http://www.rnaval.co.in>.

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders unless otherwise opted for regular demat account with (a) No Annual Maintenance

Investor Information

charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000 (Refer circular CIR/MRD/DP/22/2012 dated August 27, 2012 and circular CIR/MRD/DP/20/2015 dated December 11, 2015).

Annual General Meeting

The 23rd Annual General Meeting (AGM) of the Company will be held on **Tuesday, November 10, 2020**, through Video Conferencing (VC) / Other Audio Visual Means (OAVM) at 11.30 A.M (IST).

E-voting

The Members can cast their vote online through remote e-voting from 10.00 A.M. (IST) on Friday, November 06, 2020 to 5.00 P.M (IST) on Monday, November 09, 2020. Further, the e-voting facility shall also be made available to the shareholders present at the meeting through VC/OAVM and have not cast their vote on resolution through remote e-voting.

The Members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their votes again at the Meeting.

The Members shall refer to the detailed procedure on remote e-voting are given in the Notice and the e-voting instruction slip.

Financial Year

The financial year of the Company is from April 1 to March 31 each year.

Website

The Company's website <http://www.rnaval.co.in> contains a separate dedicated section called "Investor Relations". It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/facilities extended to our investors.

Dedicated Email-id for investors

For the convenience of our investors, the Company has designated an email id i.e. rdel.investors@relianceada.com.

Registrar and Transfer Agents (RTA)

KFin Technologies Private Limited
(Unit: Reliance Naval and Engineering Limited)

Selenium Building, Tower – B,
Plot No. 31 & 32,
Financial District, Nanakramguda
Hyderabad, Telangana- 500 032.
Tel: +91 40 6716 1500
Fax: +91 40 6716 1791
Toll Free No. (India): 1800 4250 999
Email: ris.del@Kfintech.com
Website: www.Kfintech.com

There is a change in name of RTA from "Karvy Fintech Technologies Private Limited" to "KFin Technologies Private Limited" with effect from December 05, 2019.

Shareholders/Investors are requested to forward share transfer documents, dematerialisation requests through their Depository Participant (DP) and other related correspondence directly to Kfintech at the above address for speedy response.

Dividend announcements

The Board of Directors of the Company do not recommend any dividend for the financial year 2019-20.

Share transfer system

With a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, the Securities and Exchange Board of India vide its circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2019/30 dated February 11, 2019, has decided to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:

- The relaxation shall only be available for transfers executed after January 01, 2016.
- The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.
- The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

Non-Resident Indian Members are requested to inform Kfintech, the Company's Registrar and Transfer Agent immediately on the change in the residential status on return to India for permanent settlement.

Shareholding Pattern

Category of Shareholders	As on 31.03.2020		As on 31.03.2019	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	18,61,03,025	25.23	22,01,03,025	29.84
(ii) Foreign	0	0.00	0	0.00
Total Shareholding of Promoter and Promoter Group	18,61,03,025	25.23	22,01,03,025	29.84
(B) Public Shareholding				
(i) Institutions	6,27,26,920	8.50	8,69,70,207	11.79
(ii) Non-institutions	48,87,61,318	66.26	43,05,18,031	58.37
Total Public Shareholding	55,14,88,238	74.77	51,74,88,238	70.16
(C) Shares held by Custodian and against which Depository Receipts have been issued	0	0.00	0	0.00
(D) ESOS Trust	0	0.00	0	0.00
GRAND TOTAL (A)+ (B)+ (C)+ (D)	73,75,91,263	100.00	73,75,91,263	100.00

Reliance Naval and Engineering Limited

Investor Information

Distribution of shareholding

Number of Shares	No. of Shareholders as on 31.03.2020		Total equity shares as on 31.03.2020		No. of Shareholders as on 31.03.2019		Total equity shares as on 31.03.2019	
	Number	%	Number	%	Number	%	Number	%
1 to 500	1,09,308	68.92	1,91,88,640	2.60	1,11,047	72.75	1,94,87,236	2.64
501 to 5,000	41,772	26.33	6,81,26,935	9.24	37,040	24.26	5,72,84,991	7.77
5,001 to 1,00,000	7,309	4.61	11,70,53,933	15.87	4,460	2.92	6,54,75,397	8.88
Above 1,00,000	218	0.14	53,32,21,755	72.29	107	0.07	59,53,43,639	80.71
Total	1,58,607	100.00	73,75,91,263	100.00	1,52,654	100.00	73,75,91,263	100.00

Dematerialization of Shares and Liquidity

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE542F01012. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

Status of dematerialization of shares

As on March 31, 2020, 99.99 per cent of the Company's equity shares are held in dematerialized form.

Investors' grievances attended

Received From	Received during April to March		Redressed during April to March		Pending as on	
	2019-20	2018-19	2019-20	2018-19	31.3.2020	31.3.2019
Securities and Exchange Board of India	0	0	0	0	0	0
Stock Exchanges	0	1	0	1	0	0
NSDL/CDSL	0	0	0	0	0	0
Direct from investors	0	2	0	2	0	0
Total	0	3	0	3	0	0

Analysis of grievances

Particulars	2019-20		2018-19	
	Number	Percentage	Number	Percentage
Non-receipt of dividend warrants	0	0	0	0
Non-receipt of Annual Report	0	0	2	66.67
Others	0	0	1	33.33
Total	0	0	3	100

There were no complaints pending as on March 31, 2020

Notes:

- The Shareholder Base was 1,58,607 as of March 31, 2020 and 1,52,654 as of March 31, 2019.
- Investors' queries/ grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any material exposure to the commodity price risks. The Company has revenues in foreign currency which acts as a 'natural hedge' to a certain extent.

Equity History

Sr. No.	Date of Allotment	Mode/Reason of Allotment	Issue Price per Equity share (₹)	No. of shares issued	Cumulative Number of shares
1	October 17, 1997	Allotted upon Incorporation	10	700	700
2	October 26, 1999	Preferential Allotment	10	30,155,500	30,156,200
3	August 30, 2000	Preferential Allotment	10	7,393,800	37,550,000

Reliance Naval and Engineering Limited

Investor Information

Sr. No.	Date of Allotment	Mode/Reason of Allotment	Issue Price per Equity share (₹)	No. of shares issued	Cumulative Number of shares
4	July 31, 2003	Preferential Allotment	10	30,200,000	67,750,000
5	September 5, 2003	Preferential Allotment	10	10,000,000	77,750,000
6	March 15, 2005	Preferential Allotment	10	122,250,000	200,000,000
7	September 14, 2006	Preferential Allotment	10	17,210,000	217,210,000
8	March 8, 2007	Preferential Allotment	10	45,900,000	263,110,000
9	March 29, 2007	Preferential Allotment	10	26,610,000	289,720,000
10	May 28, 2007	Allotment pursuant to conversion of optionally convertible cumulative preference shares	10	4,520,000	294,240,000
11	June 25, 2007	Preferential Allotment	10	25,000,000	319,240,000
12	September 17, 2007	Preferential Allotment	10	129,361,538	448,601,538
13	September 27, 2007	Preferential Allotment	10	23,000,000	471,601,538
14	October 15, 2007	Allotment pursuant to conversion of convertible bonds	10	40,000,000	511,601,538
15	November 7, 2007	Preferential Allotment	10	46,500,000	558,101,538
16	November 30, 2007	Preferential Allotment	10	4,700,000	562,801,538
17	December 6, 2007	Preferential Allotment	10	300,000	563,101,538
18	December 24, 2007	Preferential Allotment	10	4,150,000	567,251,538
19	January 10, 2008	Preferential Allotment	10	11,696,850	578,948,388
20	January 31, 2008	Preferential Allotment	10	500,000	579,448,388
21	March 24, 2008	Preferential Allotment	10	245,000	579,693,388
22	April 17, 2008	Preferential Allotment	10	253,400	579,946,788
23	May 19, 2008	Preferential Allotment	10	60,375	580,007,163
24	August 5, 2008	Preferential Allotment	10	341,000	580,348,163
25	October 1, 2009	Initial Public Offer	10	85,450,225	665,798,388
26	November 14, 2011	Conversion of CCD	10	25,400,000	691,198,388
27	August 27, 2012	Conversion of Convertible Warrants	10	10,000,000	701,198,388
28	May 13, 2013	Conversion of Warrants	10	10,500,000	711,698,388
29	May 27, 2013	Preferential Allotment	10	24,507,881	736,206,269
30	May 4, 2017	Preferential Allotment	10	1,384,994	737,591,263
Total Number of Shares as on March 31, 2020				737,591,263	737,591,263

Stock Price and Volume

Financial Year 2019-20	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April 2019	10.99	7.41	42,67,175	11.00	7.45	2,48,71,810
May 2019	9.09	7.21	57,23,859	9.10	7.35	3,57,54,164
June 2019	8.00	3.38	48,68,115	8.05	3.40	3,12,40,630
July 2019	4.39	2.41	41,37,255	4.35	2.45	1,93,04,182
August 2019	2.41	0.92	1,53,44,329	2.40	1.20	59,36,742
September 2019	1.34	0.70	2,26,16,594	1.65	0.90	4,88,45,981
October 2019	3.41	1.40	4,09,704	3.45	1.70	1,11,22,358
November 2019	8.87	3.58	1,23,47,754	8.30	3.60	81,11,689
December 2019	10.24	4.35	65,89,882	9.55	4.30	1,05,91,345
January 2020	4.89	2.08	59,98,534	4.90	2.15	1,90,81,281
February 2020	2.18	1.33	1,53,84,249	2.05	1.40	2,28,91,278
March 2020	1.99	1.17	1,36,66,250	1.85	1.20	2,43,10,957

Reliance Naval and Engineering Limited

Investor Information

Stock Exchange Listings

The Company's equity shares are actively traded on BSE Limited (BSE) and the National Stock Exchange Limited of India (NSE), the Indian Stock Exchanges.

Listings on Stock Exchanges

Equity shares

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400001
Website: www.bseindia.com

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No C /1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Website: www.nseindia.com

Stock Codes

BSE Limited : 533107
National Stock Exchange of India Limited : RNAVAL
ISIN for Equity Shares : INE542F01012

Payment of listing fees

Annual listing fee for the year 2020-21 will be paid in the due course by the Company to the stock exchanges.

Share Price Performance in comparison with broad based indices - BSE Sensex and NSE Nifty as on March 31, 2020

Period	RNAVAL (percent)	Sensex BSE (percent)	Nifty NSE (percent)
2019-20	-86.11	-23.80	-26.30
2 years	-94.53	-10.62	-14.99
3 years	-97.77	-0.51	-6.28

Key Financial Reporting Dates for the Financial Year 2020-21

Unaudited results for the first : On or before
quarter ending June 30, 2020 August 14, 2020

The second quarter/ half year : On or before
ending September 30, 2020 November 14, 2020

The third quarter/ nine months : On or before
ending December 31, 2020 February 14, 2021

Audited results for the financial : On or before
year 2020-21 May 30, 2021

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel (E), Mumbai 400 013, website: www.cdsindia.com.

Reconciliation of share capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid up capital. The said certificate, duly certified by a qualified Company Secretary/ Chartered Accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investor correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/ Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondences directly to Kfintech Private Limited at the below mentioned address for speedy response:

KFin Technologies Private Limited
(Unit: Reliance Naval and Engineering Limited)
Selenium Building, Tower - B,
Plot No. 31 & 32,
Financial District, Nanakramguda
Hyderabad, Telangana- 500 032.
Tel: +91 40 6716 1500
Fax: +91 40 6716 1791
Toll Free No. (India): 1800 4250 999
Email: ris.del@Kfintech.com
Website: www. Kfintech.com

Shareholders/ Investors can also send the above correspondence to the Company at the following address:

Queries relating to financial statement of the Company may be addressed to:

Chief Financial Officer
Reliance Naval and Engineering Limited
Reliance Centre,
2nd Floor, South Wing,
Santa Cruz (East), Mumbai- 400 055
Tel : +91 22 4303 2000
Fax: +91 22 4303 2790
Email: rdel.investors@relianceada.com
Website: www.rnaval.co.in

Correspondence on investor services may be addressed to:

Company Secretary
Reliance Naval and Engineering Limited
Reliance Centre,
2nd Floor, South Wing,
Santa Cruz (East), Mumbai- 400 055
Tel : +91 22 4303 2406
Fax: +91 22 4303 2790
Email: rdel.investors@relianceada.com
Website: www.rnaval.co.in

Site Locations:

- Pipavav Port, Post Ucchayia, Via Rajula, Dist. Amreli 365 560, Gujarat
- Village Rampara- II, Taluka Rajula, District Amreli- 365 560, Gujarat

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE NAVAL AND ENGINEERING LIMITED

(A Company under Corporate Insolvency Resolution Process vide NCLT order)

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **RELIANCE NAVAL AND ENGINEERING LIMITED** ("the Company"), which comprise the Standalone Balance sheet as at March 31, 2020, and the Statement of Standalone Profit and Loss (including Other Comprehensive Income), the Statement of Standalone Changes in Equity and the Standalone Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below*, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- a) We draw your attention to note no. 43 to the Standalone Financial Statements:
 - i) regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the Standalone Financial Statements cannot be quantified.
 - ii) during the year, as a part of Corporate Insolvency Resolution Process ("CIRP"), creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, the consequential impact, if any, on the Standalone Financial Statements is not currently ascertainable.
- b) As mentioned in note no. 44 and 45 to the Standalone Financial Statements, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been contested by the Company.

The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 46 to the Standalone Financial Statements, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Company as at March 31, 2020 aggregating to ₹ 402,015.44 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the Standalone Financial Statements of the Company.

- c) We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

We draw attention to the note no. 34 to the Standalone Financial Statements regarding preparation of Standalone Financial Statements of the Company on going concern basis, notwithstanding the fact that the Company continues to incur cash losses, it's net worth has been fully eroded, defaulted in repayment of principal and interest to it's lenders, loans have been called back by secured lenders, non-current assets are significantly impaired, current liabilities exceeded the total assets of the Company, major customers have cancelled the orders, termination notice received to terminate the sub concession lease agreement of land parcel on which Company's SEZ unit operates, etc. As mention in para 1 in Responsibilities of Management and Resolution Professional and Those Charged with Governance for the Standalone Financial Statements below, since the CIRP is currently in progress, as per the Code, it is required that the Company be managed as going concern during the CIRP, the Standalone Financial Statements 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 since the same is dependent upon the resolution plan to be formulated

Reliance Naval and Engineering Limited

Independent Auditor's Report

and approved by NCLT. The appropriateness of preparation of Standalone Financial Statements on going concern basis is critically dependent upon CIRP as specified in the Code.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to Note no. 48 to the Standalone Financial Statements, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Company.

Our opinion is not modified in respect of this matter.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion & Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
1) Litigation Matters and Contingent Liabilities	
<p>The Company is subject to number of legal and tax related claims which have been disclosed / provided for in the Standalone Financial Statements based on the facts and circumstances of each case.</p> <p>There is a high level of judgment required in estimating the level of provisioning required and appropriateness of disclosure of contingent liabilities.</p> <p>Refer Note 1 (f) (XV) "Significant Accounting Policies - Provision, Contingent Liabilities and Contingent Assets" and Note 32 - "Contingent Liabilities and Commitments" to the Standalone Financial Statements.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> Reviewing the process of identification of claims, litigations and contingent liabilities. Reviewing the Company's legal and tax cases and assessed management's position through discussion on both the probability of success in significant cases and the magnitude of any potential loss. Discussion with the management on the development in these litigations during the year ended March 31, 2020. Verifying that accounting and /or disclosure as the case may be in the Standalone Financial Statements is in accordance with the assessment of management. Obtaining representation letter from the management on the assessment of these matters as per SA 580(revised) - Written representations.

Other Information

The Company's Board of Directors / Resolution Professional/ Management are responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Financial Statements and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Resolution Professional and Those Charged with Governance for the Standalone Financial Statements

During the year, the Hon'ble National Company Law Tribunal ("the NCLT"), Ahmedabad Bench, admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by financial creditors vide order no. CP (IB) No. 418/7/NCLT/AHM/2018 dated January 15, 2020 and appointed an Interim Resolution Professional ("IRP"), Mr. Rajeev Bal Sawangikar, to manage affairs of the Company in accordance with the provisions of the Code. Subsequent to the year, the NCLT, Ahmedabad Bench, vide order no. IA 233/2020 in CP (IB) No. 418/7/NCLT/AHM/2018 dated May 5, 2020 appointed Mr. Sudip Bhattacharya as Resolution Professional ("RP") replacing the IRP according to the resolution passed by the Committee of Creditors unanimously. In view of pendency of the CIRP and suspension of powers of Board of Directors and as explained to us, the powers of adoption of the Statement vests with RP. The Standalone Financial Statements are prepared by the Management of the Company and Certified by Mr. Madan Pendse, Chief Financial Officer and approved by RP.

The Company's Board of Directors / Resolution Professional/ Management are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making

Independent Auditor's Report

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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors / Resolution Professional/ Management are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained, *except for matters described in the Basis for Qualified Opinion paragraph above*, all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Standalone Balance Sheet, the Statement of Standalone Profit and Loss (Including other comprehensive income), the Statement of Standalone Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.

Independent Auditor's Report

- e. The matter described under Basis for Qualified Opinion paragraph above and matters described under Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. Except for two of the directors who had resigned before March 31, 2020, written representation is received from other all the directors as on March 31, 2020. On the basis of such written representations received from directors and taken on record in the meeting of RP and also based on legal opinion obtained by the Company, with reference to the cancellation of the NCDs issued by the Company to its lenders and principal and interest thereon not payable and its consequential impact on the disqualification of directors under section 164(2) of the Act as mentioned in note no. 15.2 to the Standalone Financial Statements, none of those directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has paid managerial remuneration of ₹ 97.17 Lakhs to its whole time director as approved by the shareholders of the Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.
- i. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements as referred to in Note No. 32.1 to the Standalone Financial Statements;
 - ii. The Company has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company;
2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of CARO 2016.

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783W/ W100593
Gyandeo Chaturvedi

Partner
Membership No.46806
UDIN: 20046806AAAAAT3570

Place: Mumbai
Dated: July 31, 2020

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on Standalone Financial Statements of RELIANCE NAVAL AND ENGINEERING LIMITED for the year ended March 31, 2020)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **RELIANCE NAVAL AND ENGINEERING LIMITED** ('the Company') as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on the audit of test of controls, except on strengthening of documentation of policies regarding delegation of authority and access right to financial records and process of archival of records and periodic review which we are informed that is in process, in our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783W/ W100593
Gyandeo Chaturvedi

Partner
Membership No.46806
UDIN: 20046806AAAAAT3570

Place: Mumbai
Dated: July 31, 2020

Reliance Naval and Engineering Limited

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of RELIANCE NAVAL AND ENGINEERING LIMITED (the Company) on the Standalone Financial Statements for the year ended March 31, 2020)

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company doesn't have any freehold immovable properties. As informed to us, in respect of leasehold immovable properties the original title deeds have been deposited with the lenders, we have been produced the photocopy of the title deeds of these leasehold immovable properties and based on such documents, the title deeds are held in the name of the Company.
- ii. As explained to us, inventories have been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. Discrepancies noticed on physical verification of the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company and the same have been properly dealt with.
- iii. In respect of loans, secured or unsecured, granted by the Company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act:
 - a. In the earlier years the Company had granted unsecured loan to its five wholly owned subsidiary Companies and the terms and conditions on which the loan had been granted were not, prima facie, prejudicial to the interest of the Company.
 - b. The terms of repayment of principal and payment of interest have been stipulated and the principal and interest were due for payment but due to the financial crisis the parties had not paid the same.
 - c. The amounts are overdue and the Company has considered the said loan and interest receivables as doubtful and has been written off.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities.

- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of paragraph 3 (v) of the CARO 2016 are not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the cost records to be maintained under sub-Section (1) of Section 148 of the Act in respect of activities carried on by the Company. Therefore the provisions of paragraph 3(vi) of the CARO 2016 are not applicable to the Company.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - a. The company has been generally regular in depositing undisputed statutory dues, including provident fund, Employees' State Insurance, duty of customs, cess, Goods and Services Tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of income tax. According to the information and explanations given to us, undisputed amounts to ₹ 380.87 Lakhs payable in respect of such statutory dues were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable as below:

Name of the Statute	Nature of the Dues	Period to which it relates	Amounts (₹ in Lakhs)	Due Date	Date of Payment
The Income Tax Act, 1961	Income Tax	April 2018 to September 2019	380.87	Various dates	Unpaid

- b. Details of dues of Income tax and dues to Excise Department aggregating to ₹ 4,118.52 Lakhs that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Name of the Statutes	Nature of the Dues	Period to which it relates	Amounts (₹ in Lakhs) (*)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2007-08 to 2018-19	178.60	Commissioner of Income Tax
CENVAT Credit Rules, 2004	Penalty under Central Excise Act, 1944	2010-11 to 2017-18	3,939.92	Commissioner of Central Excise
		Total	4,118.52	

* Net of amount deposited under protest

- iii. Based on our audit procedures and information and explanations given by the management, and considering the recall notices received by the company from lender banks, we are of the opinion that as on March 31, 2020 the Company has defaulted in repayment of loans (including payment of interest on loans) to banks and financial institutions aggregating to ₹ 10,87,564.82 Lakhs. Refer Note no. 15.2 to the Standalone Financial Statements for the detail of Non Convertible Debentures (NCD).

Annexure "B" to the Independent Auditor's Report

Lender wise details of such defaults are as under:

Bank / Financial Institution	Amount of default as at the balance sheet date (₹ in Lakhs)	
	Less Than 90 Days	More Than 90 Days
Union Bank of India	163.78	1,36,784.63
IDBI Bank	3,316.79	1,28,367.64
EXIM Bank	980.44	77,330.88
State Bank of Patiala	16,949.52	43,879.09
UCO Bank	368.03	43,047.71
Oriental Bank of Commerce	18,835.22	33,365.24
Life Insurance Corporation	-	10,351.10
Punjab National Bank	6,054.43	52,147.88
United Bank of India	20,665.41	32,023.35
Karnataka Bank	-	3,898.40
Karur Vyasa Bank	-	4,084.81
Bank of India	320.11	38,660.08
Central Bank of India	81.43	65,466.48
IFCI Ltd	-	41,924.16
Jammu & Kashmir Bank	-	31,045.30
Corporation Bank	-	31,535.16
Bank of Maharashtra	-	10,427.56
IIFC UK	-	29,193.51
Punjab & Sind Bank	469.81	19,878.52
State Bank of India	14,158.60	67,640.53
Dena Bank	5,479.10	37,187.30
State Bank of Mysore	12,735.22	3,147.17
Vijaya Bank	406.82	23,529.87
HUDCO	-	20,803.49
IL&FS Bank	-	805.46
Dalmier Financial Services India Pvt Ltd	-	50.25
Tata Capital Financial Services Ltd	-	4.54
Total	1,00,984.71	9,86,580.11

- ix. According to the information and explanations given to us, the term loans raised during the year were, prima facie, been applied for the purpose for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- x. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone

Financial Statements and on the basis of information and explanations given by the management, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

- xi. In our opinion and according to the information and explanations given to us the Company has paid managerial remuneration without the requisite approvals from the lenders as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of paragraph 3 (xii) of the CARO 2016 are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures during the year. Therefore, the provisions of paragraph 3 (xiv) of the CARO 2016 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of paragraph 3 (xv) of the CARO 2016 are not applicable to the Company.
- xvi. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783W/ W100593
Gyandeo Chaturvedi

Partner
Membership No.46806
UDIN: 20046806AAAAAT3570

Place: Mumbai
Dated: July 31, 2020

Reliance Naval and Engineering Limited

Balance Sheet as at March 31, 2020

₹ in Lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I ASSETS			
(1) Non Current Assets			
Property, Plant and Equipment	2	1,48,001.48	1,44,600.02
Capital Work in Progress	2	3,669.00	10,277.21
		<u>1,51,670.48</u>	<u>1,54,877.23</u>
Financial Assets			
Investments	3	2,050.21	2,050.21
Other Financial Assets	4	-	3,440.27
		<u>2,050.21</u>	<u>5,490.48</u>
Deferred Tax Assets (net)	5	-	-
Other Non Current Assets	6	7,995.85	7,959.64
		<u>7,995.85</u>	<u>7,959.64</u>
		1,61,716.54	1,68,327.35
(2) Current Assets			
Inventories	7	49,490.81	62,216.62
		<u>49,490.81</u>	<u>62,216.62</u>
Financial Assets			
Trade Receivables	8	45.53	555.17
Cash and Cash Equivalents	9	1,550.64	5,005.97
Other Bank Balances	10	29.14	572.57
Other Current Financials Assets	11	0.87	82.23
		<u>1,626.18</u>	<u>6,215.94</u>
Current Tax (net)		722.93	889.77
Other Current Assets	12	1,90,762.56	98,360.43
		<u>1,91,485.49</u>	<u>99,250.20</u>
		2,42,602.48	1,67,682.76
TOTAL ASSETS		4,04,319.02	3,36,010.11
II EQUITY AND LIABILITIES			
(1) Equity			
Share Capital	13	73,759.13	73,759.13
Other Equity	14	(12,61,711.47)	(10,99,585.36)
		(11,87,952.34)	(10,25,826.23)
(2) Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	15	23,052.07	22,762.02
Lease Liability		9,895.27	-
		<u>32,947.34</u>	<u>22,762.02</u>
Provisions	16	87.33	204.26
Other Non Current Liabilities	17	-	5,624.21
		<u>87.33</u>	<u>5,828.47</u>
		33,034.67	28,590.49
Current Liabilities			
Financial Liabilities			
Borrowings	18	6,45,844.79	5,26,614.08
Trade Payables	19		
(a) Total outstanding dues of micro and small enterprises		753.84	851.80
(b) Total outstanding dues of creditors other than micro and small enterprises		29,238.36	27,282.66
Other Current Financial Liabilities	20	8,44,836.32	7,37,372.49
		<u>15,20,673.31</u>	<u>12,92,121.03</u>
Other Current Liabilities	21	4,064.83	5,992.63
Provisions	22	34,498.55	35,132.19
		<u>38,563.38</u>	<u>41,124.82</u>
		15,59,236.69	13,33,245.85
TOTAL EQUITY AND LIABILITIES		4,04,319.02	3,36,010.11
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 50		

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Place : Mumbai
Date : July 31, 2020

Reliance Naval and Engineering Limited

Statement of Profit and Loss for the year ended March 31, 2020

₹ in Lakhs

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from Operations	23	7,549.08	18,000.35
Other Income	24	2,371.31	462.69
Total Income		9,920.39	18,463.04
Expenses			
Cost of Materials Consumed	25	3,252.15	17,861.36
Cost of Raw Material Sold		515.87	4,722.09
Changes in Inventories of Work in Progress & Scrap	26	(1,303.63)	(7,094.52)
Employee Benefits Expenses	27	2,053.61	2,450.59
Finance Costs	28	1,32,801.34	1,27,807.42
Depreciation and Amortisation Expenses	2	7,461.27	6,565.81
Other Expenses	29	20,664.27	1,587.08
Total Expenses		1,65,444.88	1,53,899.83
Loss before Exceptional Items and Tax		(1,55,524.49)	(1,35,436.79)
Exceptional Items	30	(6,608.21)	(8,74,661.50)
Loss Before Tax		(1,62,132.70)	(10,10,098.29)
Tax Expense			
- Tax of earlier Years		-	(3,508.13)
- Deferred Tax Credit/ (Reversal)	5	-	(34,498.30)
Loss for the year from continued operations		(1,62,132.70)	(10,48,104.72)
Other Comprehensive Income			
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		6.59	(17.33)
Income tax relating to items that will not be reclassified to profit or loss		-	5.37
Total Other Comprehensive Income for the year		6.59	(11.96)
Total Comprehensive Income for the period		(1,62,126.11)	(10,48,116.68)
(Comprising Profit/(Loss) and Other Comprehensive Income/(Loss) for the year)			
Earnings per Equity Share of ₹ 10 each	31		
- Basic (In Rupees)		(21.98)	(142.10)
- Diluted (In Rupees)		(21.98)	(142.10)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 50		
For Pathak H. D. & Associates LLP Chartered Accountants Firm Reg. No.: 107783W/ W100593	for and on behalf of the Board of Directors		
Gyandeo Chaturvedi Partner Membership No.: 46806	Debashis Bir Shiby Jobby Venkata Rachakonda	} Directors	
	Madan Pendse Avinash Godse	Chief Financial Officer Company Secretary	
Place : Mumbai Date : July 31, 2020	Place : Mumbai Date : July 31, 2020		

Reliance Naval and Engineering Limited

Statement of Changes in Equity for the year ended March 31, 2020

A Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
	Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263
Add: Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

B Other Equity

Particulars	Reserve and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income	
	As at April 01, 2018	6,254.96	1,50,011.33	22,791.35	(2,30,620.92)	
Add/(Less):						
Loss for the year	-	-	-	(10,48,104.72)	-	(10,48,104.72)
Other Comprehensive Income	-	-	-	-	(11.96)	(11.96)
As at March 31, 2019	6,254.96	1,50,011.33	22,791.35	(12,78,725.64)	82.64	(10,99,585.36)
As at April 01, 2019	6,254.96	1,50,011.33	22,791.35	(12,78,725.64)	82.64	(10,99,585.36)
Add/(Less):						
Loss for the year	-	-	-	(1,62,132.70)	-	(1,62,132.70)
Other Comprehensive Income	-	-	-	-	6.59	6.59
	-	-	-	(1,62,132.70)	6.59	(1,62,126.11)
As at March 31, 2020	6,254.96	1,50,011.33	22,791.35	(14,40,858.34)	89.23	(12,61,711.47)

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Cash Flow Statement for the year ended March 31, 2020

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
A	Cash Flow from Operating Activities		
	Net Loss before Tax	(1,62,133)	(10,10,098)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	7,461	6,566
	Exceptional Items	6,608	8,74,662
	Interest Income	(176)	(452)
	Dividend on Current Investments	-	(3)
	Loss on Sale of Plant, property and equipments (net)	-	4
	Finance Costs	1,32,801	1,27,807
	Provision for Liquidated Damages	161	530
	Provision for estimated cost over contract revenue	1,755	(285)
	Provision for Impairment of Current Assets	-	37
	Provision for Non-Moving Inventory	11,015	1,776
	Actuarial gains/(losses) on defined benefit plans	7	(17)
	Cost Estimated for Revenue Recognised	(2,510)	(12,074)
	Balances Written off (net)	831	756
	Foreign Exchange Loss/(Gain) (net)	2,615	1,601
	Operating profit/(loss) before working capital changes	(1,565)	(9,190)
	Adjusted for		
	Inventories	1,710	5,849
	Trade and Other Receivables	(99,636)	(15,525)
	Trade and Other Payables	(25,973)	(7,439)
	Cash Used in Operations	(1,25,464)	(26,305)
	Direct Taxes (Paid) / Refund	167	460
	Net Cash Flow Used in Operating Activities	(1,25,297)	(25,845)
B	Cash Flow from Investing Activities		
	Purchase of Property, Plant and Equipment and Capital Work in Progress	-	(24)
	Sale of Property, Plant and Equipment and Capital Work in Progress	(28)	-
	FD kept with bank	3,984	6,992
	Interest Received	176	1,133
	Dividend Received on Current Investments	-	3
	Net Cash Flow (used in)/from Investing Activities	4,132	8,104

Reliance Naval and Engineering Limited

Cash Flow Statement for the year ended March 31, 2020

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
C	Cash Flow from Financing Activities		
	Long Term Borrowings (Increase/(Repayment))	(1,088)	(1,20,848)
	Short Term Borrowings (Increase/(Repayment))	1,19,231	1,58,125
	Payment towards Lease Liability	(433)	-
	Interest Paid	-	(22,206)
	Net Cash Flow (used in) / from Financing Activities	1,17,710	15,071
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(3,455)	(2,670)
	Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
	*Exchange Difference on Foreign Currency is ₹ 86 in current year and ₹ 28,861 in previous year.		
	Cash and Cash Equivalents - Opening balance	5,006	7,678
	Cash and Cash Equivalents - Closing balance	1,551	5,006

Change in Liability arising from financing activities

Sr. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Long Term Borrowings	Short Term Borrowings	Long Term Borrowings	Short Term Borrowings
1	Opening Balance	5,65,000.80	5,26,614.08	6,19,342.64	3,68,489.53
2	Net Cash Flow as above	(3,218.33)	1,19,230.71	(55,707.28)	1,58,124.55
3	Non Cash Changes				
a	Foreign Exchange Movement	2,130.65	-	1,365.44	-
b	Inter Group Transfer	-	-	-	-
c	Fair Value Changes	-	-	-	-
4	Closing Balance	5,63,913.12	6,45,844.79	5,65,000.80	5,26,614.08

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.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Notes to Financial Statements

Note – 1

Statement of Significant Accounting Policies

General Information

The financial statements comprise financial statements of Reliance Naval and Engineering Limited ("RNEL" or "the Company") for the year ended March 31, 2020. RNEL is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchahiya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding/repair infrastructure including the largest Dry Dock in India. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels(NOPVs) for Indian Navy. The Shipyard has modular shipbuilding facility with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

On September 4, 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 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") has 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 5th May, 2020. Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP. The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of Preparation of Financial Statements:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] on accrual basis and other relevant provisions of the Act. Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

b Historical Cost Convention:

The financial statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS;
- ii Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- iii Defined benefit plans – plan assets measured at fair value; and
- iv Assets held for sale – measured at fair value less cost to sell;

c Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the functional currency for the Company.

d Use of Estimates:

The preparation of Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and if material, their effects are disclosed in the notes to the Financial Statements.

Notes to Financial Statements

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets:

The assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

v. Discounting of long - term financial liabilities:

All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

vi. Determining whether an arrangement contains a lease:

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Fair value of financial instruments:

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. Revenue recognition:

Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from Contracts with Customers'. The estimates are revised periodically.

e Current Versus Non Current Classification:

i. The assets and liabilities in the Balance Sheet are based on current / non - current classification. An asset is current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or
- 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

Notes to Financial Statements

ii **A liability is current when it is:**

- 1 Expected to be settled in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Due to be settled within twelve months after the reporting period, or
- 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non – current.

Deferred tax assets and liabilities are classified as non – current assets and liabilities.

f **Other Significant Accounting Policies:**

I **Property, Plant and Equipments:**

- i. The Company has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Company has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost.
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use are capitalised as part of total cost of assets.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre – operative expenses and disclosed under Capital Work – in – Progress.

II **Depreciation:**

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50
Offshore Yard	50
Roads, Culverts & Bridge	25
Mobile Phones	2

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

- ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III **Borrowing Costs:**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

IV **Intangible Assets:**

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 – 10 years.

Notes to Financial Statements

V Fair Value Measurement:

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an assets or liability is measured using the assumptions that market participants would use when pricing the assets or liability, acting in their best economic interest. The fair value of plant and equipments as at transition date to Ind AS have been taken based on valuation performed by an independent technical expert. The Company used valuation techniques which were appropriate in circumstances and for which sufficient data were available considering the expected loss/profit in case of financial assets or liabilities.

VI Inventories:

- i. Raw Materials, Stores and Spares, Work – in – Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 – Leases:

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

VIII Government Subsidy:

- i. Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii. Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.
- iii. Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.
- iii. Non monetary foreign currency items are carried at historical cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

Notes to Financial Statements

Financial Assets:

i Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

ii Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

iii Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables.

iv Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi Investment in Subsidiaries and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

vii Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from other comprehensive income to profit or loss.

viii Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. Debt instruments included with in the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

ix Derecognition of Financial Assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

x Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not valued through Statement of Profit and Loss.

Financial Liabilities:

i Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

ii Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Notes to Financial Statements

iii Subsequent measurement:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchase in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

iv Loans and Borrowings:

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

v Derecognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

vi Derivative Financial Instrument and Hedge Accounting:

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

XI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans:

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

iii. Other long-term employee benefits:

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement is recognised in Statement of Profit and Loss in the period in which they arise.

Notes to Financial Statements

XII Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date after taking credit for tax relief available for export operations in Special Economic Zones (SEZs)

Current tax assets and liabilities are offset only if, the Company:

- 1 has a legally enforceable right to set off the recognised amounts; and
- 2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rate and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- 1 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash – generating unit to which the asset belongs.

XIV Warranty Provision:

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XV Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

XVI Earnings per share:

i Basic earnings per share: Basic earnings per share is calculated by dividing:

- 1 the profit attributable to owners of the Company;
- 2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

ii Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- 1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- 2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to Financial Statements

Note - 2 A Property, Plant and Equipments Depreciation of Assets	₹ in Lakhs										
	Owned Assets					Leased Assets			Intangible Assets		Total
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Softwares*		
I Gross Carrying Amount											
As at April 01, 2019	50,209.58	5,13,929.25	890.77	1,021.39	638.19	5,66,689.18	-	48,448.78	10,730.31	6,25,868.27	
Additions during the year	-	-	-	-	-	-	10,833.84	-	-	10,833.84	
Deductions	-	-	-	-	-	-	-	-	-	-	
As at March 31, 2020	50,209.58	5,13,929.25	890.77	1,021.39	638.19	5,66,689.18	10,833.84	48,448.78	10,730.31	6,36,702.11	
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2019	14,487.30	1,02,758.50	690.56	837.96	438.24	1,19,212.56	-	15,693.28	917.24	1,35,823.08	
Additions during the year	1,262.65	4,780.82	10.28	6.78	28.71	6,089.24	1,065.38	306.65	-	7,461.27	
Deductions	-	-	-	-	-	-	-	-	-	-	
As at March 31, 2020	15,749.95	1,07,539.32	700.84	844.74	466.95	1,25,301.80	1,065.38	15,999.93	917.24	1,43,284.35	
b Impairment											
As at April 01, 2019	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17	
Additions during the year	-	-	-	-	28.89	28.89	-	-	-	28.89	
Deductions	-	-	-	-	-	-	-	-	-	-	
As at March 31, 2020	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28	
III Net Carrying Amount as at March 31, 2020	26,457.98	1,04,269.81	36.85	33.64	115.65	1,30,913.93	9,768.46	7,319.09	-	1,48,001.48	
Previous Financial Year											
I Gross Carrying Amount											
As at April 01, 2018	50,209.58	5,13,921.86	890.77	1,016.89	638.19	5,66,677.29	-	48,448.78	10,730.31	6,25,856.38	
Additions during the year	-	7.39	-	4.70	-	12.09	-	-	-	12.09	
Deductions	-	-	-	0.20	-	0.20	-	-	-	0.20	
As at March 31, 2019	50,209.58	5,13,929.25	890.77	1,021.39	638.19	5,66,689.18	-	48,448.78	10,730.31	6,25,868.27	
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2018	13,196.36	97,988.98	675.05	831.09	407.60	1,13,099.08	-	15,249.87	917.16	1,29,266.11	
Additions during the year	1,290.94	4,769.52	15.51	9.36	36.99	6,122.32	-	443.41	0.08	6,565.81	
Deductions	-	-	-	2.49	6.35	8.84	-	-	-	8.84	
As at March 31, 2019	14,487.30	1,02,758.50	690.56	837.96	438.24	1,19,212.56	-	15,693.28	917.24	1,35,823.08	
b Impairment											
As at April 01, 2018	-	-	-	-	-	-	-	-	-	-	
Additions during the year	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17	
Deductions	-	-	-	-	-	-	-	-	-	-	
As at March 31, 2019	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17	
III Net Carrying Amount as at 31.03.2019	27,720.63	1,09,050.63	47.13	40.42	115.47	1,36,974.28	-	7,625.74	-	1,44,600.02	

* Other than Internally Generated.

B Capital Work in Progress

2019 - 2020 3,669.00
2018 - 2019 10,277.21

2.1 The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. Further, additions include recognition of leasing arrangement towards Land as Right-of-use Assets of ₹ 10,833.84 Lakhs and a Lease Liability of ₹ 10,833.84 Lakhs as at April 1, 2019. The impact on the profit for the year is not material.

2.2 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 16 and 19 to the financial statements.

Notes to Financial Statements

2.3 Capital Work in Progress (net of impairment) includes:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
- Assets under construction and installation	3,669.00	10,277.21
- Preoperative expenses	-	-

2.4 Details of Preoperative expenses are as under:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	-	2,02,834.25
Less :		
Allocated to Inventory	-	482.45
Impairment of Preoperative Expenses (Refer Note 2.5)	-	2,02,351.80
Closing Balance	-	-

2.5 Impairment of Property Plant & Equipment, Intangible Assets and Capital Work in Progress:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Property Plant & Equipment	-	3,35,632.10
Intangible Assets	-	9,813.07
Capital Work in Progress	6,608.21	4,58,413.86
Total	6,608.21	8,03,859.03

In accordance with the Ind AS 36 on "Impairment of Assets", Capital Work-in-Progress were tested for impairment during the year where indicators of impairment existed. During the year ended March 31, 2020, the Company has recognised an impairment charge of ₹ 6,608.21 lakhs (2018-19: ₹ 783,303.77 in respect of Property, Plant & Equipment and Capital Work -in-Progress). The impairment recognised is included under exceptional items in the statement of profit and loss. During the last quarter of the financial year, the internal team has reviewed the Capital Work -in- Progress whereby it identified an impairment charge of ₹ 6,608.21 lakhs.

Note - 3

Investments

Particulars	% of holding	Face Value	Numbers		₹ in Lakhs	
			31-Mar-20	31-Mar-19	As at March 31, 2020	As at March 31, 2019
Long Term Trade Investments (Unquoted and fully paid up)- Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited (refer note no. 3.3)	100.00%	₹ 10	2,17,09,327	2,17,09,327	1,896.73	1,896.73
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited)	100.00%	₹ 10	50,000	50,000	5.00	5.00
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50.00%	₹ 10	1,40,000	1,40,000	14.00	14.00
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services Limited)	100.00%	₹ 10	50,000	50,000	5.00	5.00

Reliance Naval and Engineering Limited

Notes to Financial Statements

Particulars	% of holding	Face Value	Numbers		₹ in Lakhs	
			31-Mar-20	31-Mar-19	As at March 31, 2020	As at March 31, 2019
Reliance Technologies and Systems Private Limited	100.00%	₹ 10	10,000	10,000	1.00	1.00
PDOC Pte. Limited (Incorporated and place of business at Singapore)	100.00%	SGD 1	25,000	25,000	11.74	11.74
					1,933.47	1,933.47
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	153.48	153.48
					153.48	153.48
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	-	0.05	0.05
					0.05	0.05
Less - Impairment of Investment (Refer Note 3.4)					36.79	36.79
Total					2,050.21	2,050.21

3.1 Refer note no. 1(f)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	2,050.21	-	2,050.21	-
Total	2,050.21	-	2,050.21	-

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company.

3.4 The Company has impaired investments, Interest Receivables, Loans & Advances in subsidiaries considering the following indicators; Subsidiaries have consistently incurred losses over the years and thereby Net Worth has fully eroded. There is no existing operating business being carried out in these subsidiaries because of changes in market, economic and legal environment conditions. These significant changes in working conditions are impacting the current business of the subsidiaries.

3.5 During the year Reliance Underwater Systems Private Limited (RUSPL) issued new equity of total nos 1,39,999 to Reliance Capital Limited. With the said event holding in RUSPL reduced to 50% and it ceased to be a subsidiary of the Company during the year.

3.6 During the year, RMOL Engineering and Offshore Limited, a wholly owned subsidiary of the Company has been admitted for CIRP by the NCLT, Ahmedabad Bench and appointed Interim Resolution Professional (IRP). Further IRP appointed as Resolution Professional.

3.7 During the year, application has been 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. The application is yet to be admitted.

Note - 4

Other Financial Assets

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Banks held as Margin Money	-	3,440.27
Total	-	3,440.27

Notes to Financial Statements

Note - 5

Deferred Tax Liabilities/(Assets) (Net)

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	1,20,081.84	(34,492.93)
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	6,637.80	15,890.34
Disallowance in income tax	-	(39,922.83)
Depreciation losses	(5,071.42)	(62,693.59)
Fair Valuation of Financials Liability	101.90	1,142.54
	1,668.28	(85,583.54)
Other Comprehensive Income		
Related to Employee benefits	-	(5.37)
Deferred Tax not to be Considered (Refer Note 5.2)	1,18,413.56	1,20,081.84
Closing Balance	-	-

5.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the year ended March 31, 2020 and previous year, no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence not given.

5.2 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.

Note - 6

Other Non Current Assets

(Unsecured and considered good)

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits with		
Related Parties (Refer note no. 37)	7,370.00	7,370.00
Others	625.85	589.64
Total	7,995.85	7,959.64

Note - 7

Inventories

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	39,410.62	53,366.67
Raw Materials in Transit	13.37	-
Work in Progress	9,192.45	7,842.36
Stores and Spares	874.37	961.13
Scrap	-	46.46
Total	49,490.81	62,216.62

7.1 Refer note no. 1(f)(VI) for basis of valuation.

7.2 All the Inventories of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 15 and 18 to the financial statements.

7.3 An amount of ₹ 11,015.46 lakhs (Previous Year ₹ 1,776.33 lakhs) has been provided during the year on account of Provision in Diminution in the value of inventories.

Reliance Naval and Engineering Limited

Notes to Financial Statements

Note - 8

Trade Receivables

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Trade Receivables Considered Good - Unsecured	45.53	555.17
Trade Receivables Credit Impaired	79,673.91	78,813.67
	<u>79,719.44</u>	<u>79,368.84</u>
Less: Provision for Credit Impaired	79,673.91	78,813.67
	<u>45.53</u>	555.17
Total	<u>45.53</u>	<u>555.17</u>

8.1 Trade Receivables are non - interest bearing and receivable in normal operating cycle.

Note - 9

Cash and Cash Equivalents

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Balances with Banks in Current Accounts	1,550.49	4,995.01
Cash on hand	0.15	10.96
Total	<u>1,550.64</u>	<u>5,005.97</u>

Note - 10

Other Bank Balances

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Banks held as Margin Money	29.14	572.57
Total	<u>29.14</u>	<u>572.57</u>

Note - 11

Other Current Financials Assets (Unsecured & considered good)

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Interest Receivable	0.87	82.23
Total	<u>0.87</u>	<u>82.23</u>

Note - 12

Other Current Assets (Unsecured & considered good)

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Security Deposits	1,392.35	1,394.43
Prepaid Expenses	10.61	156.90
Goods and Service Tax / Cenvat / VAT recoverable	948.13	1,292.52
Advance against purchase of material / services	14,451.85	11,653.74
Shipbuilding Contracts Receivables	1,73,959.62	83,862.84
Total	<u>1,90,762.56</u>	<u>98,360.43</u>

12.1 Shipbuilding Contract Receivables includes bank guarantees invoked by Ministry of Defence amounting to ₹ 93,739.15 lakhs.

Notes to Financial Statements

Note - 13

Share Capital

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Authorised		
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	11,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/- each	4,00,000.00	4,00,000.00
	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
737,591,263 (Previous Year: 737,591,263) Equity Shares of ₹ 10/- each fully paid up	73,759.13	73,759.13
Total	73,759.13	73,759.13

13.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	₹ in Lakhs			
	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Add: Issued during the year on part conversion of debts	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

13.2 Shareholders holding more than 5% Shares in the Company:

Shares held by	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence Systems Private Limited	18,61,03,025	25.23%	22,01,03,025	29.84%
Vistra ITCL India Limited (on behalf of lenders)	14,51,04,995	19.67%	14,51,04,995	19.67%
Life Insurance Corporation of India	5,84,65,899	7.93%	5,84,65,899	7.93%
IL and FS Maritime Infrastructure Company Limited*	3,63,49,464	4.93%	5,31,10,674	7.20%
IL and FS Financial Services Limited*	3,67,08,395	4.98%	4,30,34,213	5.83%

* Less than 5% as at March 31, 2020

13.3 Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity share holders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

Note - 14

Other Equity

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Capital Reserve		
Opening Balance	6,254.96	6,254.96
Additions during the year	-	-
	6,254.96	6,254.96
Securities Premium Account		
Opening Balance	1,50,011.33	1,50,011.33
Add :- On Issue of Shares	-	-
	1,50,011.33	1,50,011.33

Reliance Naval and Engineering Limited

Notes to Financial Statements

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Other Reserve		
Opening Balance	22,791.35	22,791.35
Additions during the year	-	-
	<u>22,791.35</u>	<u>22,791.35</u>
Retained Earnings		
Opening Balance	(12,78,725.64)	(2,30,620.92)
Add:- Profit(loss) for the year as per profit or loss statement	(1,62,132.70)	(10,48,104.72)
	<u>(14,40,858.34)</u>	<u>(12,78,725.64)</u>
Other Comprehensive Income		
Opening Balance	82.64	94.60
Add: Movement During the year (net)	6.59	(11.96)
	<u>89.23</u>	<u>82.64</u>
	<u>(12,61,711.47)</u>	<u>(10,99,585.36)</u>

Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit and loss is recognised as a part of retained earnings with separate disclosure of such items along with relevant amounts in the Notes 22 & 27.

Nature and Purpose of Reserves :

Capital Reserve: This Reserve was created at the time of forfeiture of amounts received against convertible share warrants in the financial year 2011 - 12. It shall be utilised in accordance with the provisions of the Companies Act, 2013 (the Act), therefore not available for distribution of dividend.

Securities Premium Account: This Reserve was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Act.

Other Reserves: Other Reserve was created pursuant to first time adoption of Ind AS as at April 01, 2015. and not available for distribution as dividend.

Note - 15

Borrowings

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Preference Shares		
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up	1,134.39	1,045.67
Secured Loans		
Non Convertible Debentures		
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹ 100 each (Refer note no 15.2)	21,917.68	21,700.91
	<u>21,917.68</u>	<u>21,700.91</u>
Vehicle Loans	-	15.44
Total	<u>23,052.07</u>	<u>22,762.02</u>

15.1 Compulsorily Redeemable Preference Shares:

- i) 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company.
- ii) As at March 31, 2020 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).

Notes to Financial Statements

- iii) Reconciliation of Preference Shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
	Shares at the beginning of the year	4,22,45,764	4,224.58	4,22,45,764
Add: Shares Issued during the year on preferential basis *	-	-	-	-
Shares at the end of the year	4,22,45,764	4,224.58	4,22,45,764	4,224.58

* Accounted on Fair Value. Refer note no 35

15.2 Non Convertible Debentures (NCD):

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders have a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the year 2017-18, the Company had paid one time cost towards right of recompense payable through issuance of Non Convertible Debentures. Accordingly ₹ 16,239.65 lakhs was charged to Statement of Profit or Loss and shown as "Exceptional Items" and ₹ 7,989.09 lakhs had been capitalised as borrowing cost in previous year. Other terms and conditions are given below:

These NCDs having coupon rate of 9.50% and Face value of ₹ 100 each are repayable in 49 quarterly structured instalments commencing from March 2019 and ending on March 2031. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during the year 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (RoR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void ab-initio and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the Company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.

The NCDs are to be secured by way of first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future, second pari-passu charge on all current assets and first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited.

Since NCD's are infructuous in nature itself, thereby no provision is required to be created for Debenture Redemption Reserve.

- 15.3** The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA.

15.4 Secured Term loans of ₹ 562,688.03 lakhs are secured as under: (including ₹ 540,770.35 lakhs being part of current maturities of long term debt in note no. 20)

- first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
- right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.
- by way of pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

- 15.5** Vehicle Loans referred to above including ₹ 54.79 lakhs being part of current maturities of long term debts in note no. 20 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated instalments (including interest) as per repayment schedule starting from July 01, 2012 to October 18, 2020.

Reliance Naval and Engineering Limited

Notes to Financial Statements

15.6 The Company has overdue of ₹ 712,952.85 lakhs included in current maturities of long term debts in note no 20 and interest accrued and due in note no 20(Previous Year: ₹ 646,436.32 lakhs) as detailed below:

		₹ in Lakhs
S. No.	Name of Lender	Amount of Default More than 90 Days
01	Bank of India	15,063.76
02	Bank of Maharashtra	10,427.56
03	Central Bank of India	61,600.20
04	Corporation Bank	31,535.16
05	Dena Bank (now Bank of Barda)	8,910.94
06	EXIM Bank	56,270.69
07	HUDCO	20,803.49
08	IDBI Bank Ltd	1,00,005.60
09	IFCI Ltd	25,892.05
10	IIFC UK	29,193.51
11	IL & FS	805.46
12	J&K Bank	31,045.30
13	Karnataka Bank	3,898.40
14	Karur Vysya Bank	4,084.81
15	LIC of India	10,351.10
16	Oriental Bank of Commerce (now Punjab National Bank)	15,232.98
17	Punjab & Sind Bank	2,711.58
18	Punjab National Bank	38,766.63
19	State Bank of India	36,753.96
20	State Bank of Mysore (now State Bank of India)	908.44
21	State Bank of Patiala (now State Bank of India)	38,736.11
22	UCO Bank	22,313.49
23	Union Bank Of India	1,23,693.46
24	United Bank of India (now Punjab National Bank)	14,192.90
25	Vijaya Bank (now Bank of Baroda)	9,755.27

Note - 16

Provisions

		₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019	
Provision for Employee Benefits (Refer note no 27.1)	87.33	204.26	
Total	87.33	204.26	

Note - 17

Other Non Current Liabilities

		₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019	
Advances from Customers	-	5,624.21	
Total	-	5,624.21	

Notes to Financial Statements

Note - 18

Short Term Borrowings

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	3,32,883.34	2,25,984.27
Unsecured Loans		
Banks	25,641.76	15,295.85
Related Parties (Refer note no 37)	8,109.81	6,701.74
Body Corporates	<u>2,79,209.88</u>	<u>2,78,632.22</u>
	3,12,961.45	3,00,629.81
Total	<u>6,45,844.79</u>	<u>5,26,614.08</u>

18.1 The above working capital loans from banks are secured by way of:

- i) First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- ii) Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- iii) Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

18.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 21,709,327 equity shares of E Complex Private Limited held by the Company.

18.3 During the previous year the lenders have recalled all the loans and have invoked 940.75 crores of equity shares of the Company pledged and guarantees available with them. As at March 31, 2020, the Company has overdue of ₹ 358,525.10 lakhs (Previous Year: ₹ 241,109.14 lakhs) as detailed below:

		₹ in Lakhs	
S. No.	Name of Lender	Amount of Default Less than 90 Days	Amount of Default More than 90 Days
01	Bank Of India	320.11	23,596.32
02	Central Bank Of India	81.43	3,866.28
03	Dena Bank (now Bank of Baroda)	5,479.10	28,276.36
04	Exim Bank	980.44	21,060.19
05	IDBI Bank	3,316.79	28,362.05
06	Oriental Bank Of Commerce (now Punjab National Bank)	18,835.22	18,132.25
07	Punjab And Sind Bank	469.81	17,166.95
08	Punjab National Bank	6,054.43	13,381.25
09	State Bank of India	14,158.60	30,886.57
10	State Bank Of Mysore (now State Bank of India)	12,735.22	2,238.73
11	State Bank Of Patiala (now State Bank of India)	16,949.52	5,142.99
12	UCO Bank	368.03	20,734.22
13	Union Bank Of India (now Punjab National Bank of India)	163.78	13,091.17
14	United Bank Of India	20,665.41	17,830.45
15	Vijaya Bank (now Bank of Baroda)	406.82	13,774.61

Reliance Naval and Engineering Limited

Notes to Financial Statements

Note - 19

Trade Payables

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Micro and Small Enterprises	753.84	851.80
Others	29,238.36	27,282.66
Total	29,992.20	28,134.46

19.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid	753.84	851.80
Interest due thereon	773.21	769.29
Interest paid by the Company in terms of Section 16 along with principal payments made	-	45.83
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	773.21	769.29
Interest remaining due and payable even in succeeding years	773.21	769.29

19.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

Note - 20

Other Current Financial Liabilities

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debts	5,40,861.05	5,42,238.78
Interest accrued and due on borrowings	2,72,278.99	1,68,460.67
Interest accrued but not due on borrowings	4,974.44	2,636.15
Lease Liability	505.49	-
Finance Guarantee Obligation	16,032.11	16,032.11
Creditors for Capital Goods	3,915.19	3,909.28
Statutory Dues	674.47	361.48
Other Payables *	5,594.58	3,734.02
Total	8,44,836.32	7,37,372.49

* Includes mainly amount payables to employees and provision for expenses.

Note - 21

Other Current Liabilities

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Advances from Customers	4,064.83	5,992.63
Total	4,064.83	5,992.63

Note - 22

Current Provisions

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
For Employee Benefits (Refer note no 27.1)	232.79	111.53
Other Provisions (Refer note no 22.1)	34,265.76	35,020.66
Total	34,498.55	35,132.19

Notes to Financial Statements

22.1 The Company has recognised liabilities based on substantial degree of estimation for provision for liquidated damages, warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

Particulars	₹ in Lakhs			
	Provision for Liquidated Damages	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2019	9,024.61	176.37	201.70	25,617.98
Add: Provision made for the year ended March 31, 2020	0.01	-	1,755.11	-
Less: Amount Incurred and charged against the opening balance	-	-	-	2,510.02
Balance as at March 31, 2020	9,024.62	176.37	1,956.81	23,107.96

Notes - 23

Revenue from Operations

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Ship Building	5,152.80	13,017.26
Repairs and Fabrication	1,403.46	1,775.97
Sale of Surplus Material	985.04	3,123.50
Other Operating Revenue		
Sale of Scraps	7.78	83.62
	7,549.08	18,000.35
Total	7,549.08	18,000.35

Refer note no 42 for IND AS 115 - Revenue from Contracts and Customers.

Notes - 24

Other Income

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	176.34	452.28
Subsidy Received	905.23	-
Miscellaneous Income	1,289.74	7.86
Total	2,371.31	462.69

Notes - 25

Cost of Materials Consumed

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Steel Plates and Profiles	207.11	469.56
Equipment and Components	3,045.04	17,391.80
Total	3,252.15	17,861.36

Reliance Naval and Engineering Limited

Notes to Financial Statements

Notes - 26

Changes in Inventories of Work - in - Progress and Scrap

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
At the end of the year		
Scrap	-	46.46
Work in progress	9,192.45	7,842.36
	a	7,888.82
Less :- At the beginning of the year		
Scrap	46.46	46.46
Work in progress	7,842.36	747.84
	b	794.30
Changes in Inventories	(b - a)	(7,094.52)

Notes - 27

Employee Benefits Expenses

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Wages and Allowances	1,946.78	2,317.14
Contribution to Provident and Other Funds	87.81	102.19
Staff Welfare Expenses	19.02	31.26
Total	2,053.61	2,450.59

27.1 Employee Benefits

As per Ind AS 19 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Employers Contribution to Provident Fund	54.79	68.95
Employers Contribution to Pension Fund	33.02	33.24
	87.81	102.19

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

Notes to Financial Statements

a) **Gratuity (Funded)**

i) **Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation:**

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Defined Benefit Obligation at beginning of the year	218.83	235.85
Current Service Cost	27.38	36.14
Past Service Cost	-	-
Current Interest Cost	15.99	14.77
Actuarial (Gain) / Loss	(6.59)	17.12
Benefits paid / reversed	(75.75)	(85.05)
Defined Benefit Obligation at end of the year	179.86	218.83

ii) **Reconciliation of opening and closing balances of the Fair Value of the Plan Assets:**

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the beginning of the year	92.16	86.13
Expected Return on Plan Assets	7.04	6.24
Actuarial Gain / (Loss)	-	(0.21)
Fair Value of the Assets at the end of the year	99.20	92.16

iii) **Reconciliation of Present Value of Obligation and Fair Value of Plan Assets:**

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the end of the year	99.20	92.16
Present Value of Defined Benefit Obligation at end of the year	179.86	218.83
Liabilities / (Assets) recognised in the Balance Sheet	80.66	126.67

iv) **Expenses recognised during the year:**

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Current & Past Service Cost	27.38	36.14
Interest Cost	15.99	14.77
Expected Return on Plan Assets	(7.04)	(6.24)
Net Cost Recognised in profit or loss	36.33	44.67
Actuarial (Gain) / Loss recognised in other comprehensive income	(6.59)	17.33

v) **Assumptions used to determine the defined benefit obligations:**

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Mortality Table (LIC)	(2012-14 ultimate)	
Discount Rate (p.a.)	6.33%	7.64%
Estimated Rate of Return on Plan Asset	6.33%	7.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

Reliance Naval and Engineering Limited

Notes to Financial Statements

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

vi) Sensitivity Analysis:

Particulars	Changes in assumptions		Effect on Gratuity Obligation Increase/(Decrease)	
	2019 - 2020	2018 - 2019	2019 - 2020	2018 - 2019
Discount Rate	1.00%	1.00%	28.41	25.62
Salary Growth Rate	1.00%	1.00%	25.69	23.54
Estimated Rate of Return on Plan Asset	0.00%	0.00%	-	-

The above sensitivity analysis is based on an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the Balance Sheet.

vii) Risk Exposure :

- Investment Risk:** The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.
- Interest Risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investment.
- Liquidity Risk:** The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

viii) Details of Asset-Liability Matching Strategy: Gratuity benefits liabilities of the Company are funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

ix) The expected payments towards the gratuity in future years:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
0 to 1 Year	53.35	81.75
2-5 Years	81.22	82.77
More than 5 Years	110.23	70.19

The average duration of the defined benefit plan obligation at the end of reporting period is 10 years (Previous Year: 8 years).

b) Leave Encashment (Unfunded)

i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Defined Benefit Obligation at beginning of the year	189.17	197.33
Current & Past Service Cost	18.18	16.34
Current Interest Cost	11.92	12.50
Actuarial (Gain) / Loss	(66.99)	30.93
Benefits paid	(45.27)	(67.93)
Defined Benefit Obligation at end of the year	107.01	189.17

Notes to Financial Statements

ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the end of the year	-	-
Present Value of Defined Benefit Obligation at end of the year	107.01	189.17
Liabilities / (Assets) recognised in the Balance Sheet	107.01	189.17

iii) Expenses recognised during the year:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Current & Past Service Cost	18.18	16.34
Interest Cost	11.92	12.50
Net Cost Recognised in statement of profit or loss	30.10	28.84
Actuarial (Gain) / Loss recognised in other comprehensive income	(66.99)	30.93

iv) Assumptions used to determine the defined benefit obligations:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Mortality Table	(2012-14 ultimate)	
Discount Rate (p.a.)	6.33%	7.64%
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

Notes - 28

Finance Costs

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expenses	1,32,737.46	1,26,672.73
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	63.88	1,134.69
Total	1,32,801.34	1,27,807.42

Notes - 29

Other Expenses

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumables, Stores and Spares	518.16	1,134.96
Power, Fuel and Water	1,136.11	1,362.59
Repairs and Maintenance	454.51	468.20
Labour / Fabrication and Subcontractor Charges	2,600.32	2,045.32
Equipment Hire Charges	383.84	342.49
Rent	158.97	670.65
Testing and Inspection Charges	3.80	216.66

Reliance Naval and Engineering Limited

Notes to Financial Statements

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Infrastructure Facility Charges	-	1,090.00
Design, Drawing and Construction Support Fees	103.54	79.20
Insurance	199.60	572.94
Cost Estimated for Revenue Recognised	(2,510.02)	(12,073.57)
Provision for Estimated Cost Over Contract Revenue	1,755.12	(284.98)
Rates and Taxes	1.06	4.20
Communication Expenses	30.81	50.81
Travelling, Conveyance and Vehicle Hire Charges	308.73	290.21
Legal and Professional Charges	703.08	544.63
Foreign Exchange Difference (net)	2,615.19	1,739.45
Payment to Auditors	50.00	50.57
Advertising, Publicity and Selling Expenses	10.21	19.37
Provision for Liquidated Damages	160.70	530.41
Provision for Non-Moving Inventory	11,015.46	1,776.33
Impairment of Investments in Subsidiaries & Others	-	36.79
Loss on Sale/ Discard of Plant, property and equipments (net)	-	3.57
Balances Written off (net)	831.20	755.48
Miscellaneous Expenses	133.88	160.80
Total	20,664.27	1,587.08

29.1 Payment to Auditors includes:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	50.00	50.00
Certification Charges	-	0.57
Total	50.00	50.57

Notes - 30

Exceptional Items

Exceptional items for the year ended March 31, 2020 consist of impairment of Capital Work in Progress amounting ₹ 6,608.21 lakhs. For the previous year ended March 31, 2019 exceptional items includes impairment of Property Plant & Equipment and Capital Work in Progress of ₹ 783,303.77 lakhs, Trade Receivables of ₹ 75,325.62 lakhs and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of ₹ 16,032.11 lakhs.

Notes - 31

Earnings Per Share (Basic and Diluted)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Loss attributable to the Equity Shareholders		(1,62,132.70)	(10,48,104.72)
Amount available for calculation of Basic and Diluted EPS	(a)	(1,62,132.70)	(10,48,104.72)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	73,75,91,263	73,75,91,263
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	(21.98)	(142.10)

Notes to Financial Statements

Note - 32

Contingent Liabilities and Commitments

32.1 Contingent Liabilities:

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
a)	Guarantees given by Company's Bankers		
i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	15,190.11	1,03,639.96
ii)	Other Bank Guarantees (Bank Guarantees are provided under contractual/ legal obligations.)	672.96	972.96
b)	Corporate Guarantee (Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)	13,924.02	11,983.40
c)	Demands not acknowledged as Debts (net)		
i)	Income Tax Majorly the tax demand due to disallowances by the Income tax department and Interest	178.60	51.28
ii)	Service Tax, Excise Duty and Sales Tax Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.	3,939.92	3,939.92
iii)	Third Party Claims The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.	15,273.91	12,360.52
d)	Letters of Credit opened in favour of suppliers (Cash Outflow is expected on receipt of materials from suppliers)	-	161.09

32.2 Commitments:

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
-	Other Commitments (for investment in the Associates and Joint Venture)	802.24	802.24

Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 64,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc. a General Bond in favour of the President of India for a sum of ₹ 15,300 lakhs (Previous Year : ₹ 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350 lakhs (Previous Year: 1,350 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

Reliance Naval and Engineering Limited

Notes to Financial Statements

The Company had received Twenty One show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to alleged wrong availment of Cenvat/Customs Duty/Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 34

Going Concern

Financial statements of the Company for the period and year ended March 31, 2020 have been taken on record by the RP while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP. Hence the financial statements for the period and year ended March 31, 2020 have been prepared on going concern assumptions. The RP took charge of the Company on May 5, 2020 and authorized the Key Management Personnel (KMP's) to continue with their respective roles and charges as per their original work allocation.

Note - 35

Fair Value Measurements

The fair value of the financial assets and liabilities are included at the amount that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price and financial instruments like Mutual Funds for which NAV is published by the Mutual Fund Operator. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and Mutual Fund are valued using the Closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2. Instruments in the level 2 category for the Company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in this level. Instruments in level 3 category for the Company include unquoted equity shares and FCCDs, unquoted units of mutual funds and unquoted units of venture capital funds.

The carrying amount of all other Financial Assets is reasonably approximate to its fair value.

Financial Liabilities

The Preference shares are classified as a financial liability. The liability in case of Preference Shares and Non Convertible Debentures are initially recognised on fair value and the difference between fair value and transaction price is considered as Other Income. Subsequently the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised as other income on the transaction date and subsequent impact are recognised as finance cost in the Statement of Profit and Loss.

The carrying amount of all other Financial Liabilities is reasonably approximate to its fair value. The fair values disclosed above are based on discounted cash flows using current borrowing rate. These are classified at level 2 fair values in the fair value hierarchy due to the use of observable inputs.

During the years mentioned above, there have been no transfers amongst the levels of the hierarchy.

Valuation process

The Company evaluates the fair value of the financial assets and financial liabilities on periodic basis using the best and most relevant data available. Also the Company internally evaluates the valuation process periodically.

Notes to Financial Statements

Note - 36

Segment Reporting

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2020 and in respect of assets/liabilities as at March 31, 2020.

I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

II Information about Secondary Segment :

Geographical Segment :

₹ in Lakhs

Particulars	2019 - 2020	2018 - 2019
Revenue by Geographical Segment		
Within India	7,549.08	17,821.42
Outside India	-	178.93
Total Revenue	7,549.08	18,000.35
Carrying Amount of Segment Assets		
Within India	4,03,578.42	3,35,268.16
Outside India	740.60	741.95
Total Assets	4,04,319.02	3,36,010.11
Capital Expenditure (net of impairment)		
Within India	-	12.09
Outside India	-	-

III Revenue from Major Customers :

Revenue from operations include ₹ 6,107.05 lakhs (Previous Year: ₹ 18,728.19 lakhs) from four customers (Previous Year: four customer) having more than 10% of the total revenue

Note - 37

Related Party Disclosures

a) List of Related parties

1 Subsidiary Companies

E Complex Private Limited (ECPL)

RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)

Reliance Underwater Systems Private Limited (formerly Reliance Lighter Than Air Systems Private Limited) (RUSPL) up to 15th August 2019

Reliance Technologies and Systems Private Limited (RTSPL)

REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)

PDOC Pte. Ltd. (PDOC)

2 Associates

Reliance Defence Systems Private Limited

Reliance Defence Limited

Reliance Infrastructure Limited

Conceptia Software Technologies Private Limited

Reliance Naval and Engineering Limited

Notes to Financial Statements

3 Key Managerial Personnel

Mr. Debashis Bir (upto 31.03.2020)

Mr. Nikhil Jain (upto 01.09.2019)

Mr. Paresh Rathod (upto 16.08.2019)

Mr. Madan Pendse (w.e.f.: 31.07.2019)

Mr. Avinash Godse (w.e.f.: 10.08.2019)

b) Terms and Conditions of transactions with related parties

The transactions with related parties are at arm's length price and in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances, which is merely reimbursement of expenses. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

1 Transactions with related parties for the year ended March 31, 2020 (for the period which relationship exist)

₹ in Lakhs

Nature of transactions	Subsidiary Company						Total
	RUSPL	REDS	PDOC	ECPL	RTSPL	RMOL	
Lease Rent	-	-	-	393.50	-	-	393.50
	(-)	(-)	(-)	(393.50)	(-)	(-)	(393.50)
Infrastructure Facility Charges	-	-	-	1,240.00	-	-	1,240.00
	(-)	(-)	(-)	(1,090.00)	(-)	(-)	(1,090.00)
Interest Expenses	-	-	-	537.98	-	-	537.98
	(-)	(-)	(-)	(375.83)	(-)	(-)	(375.83)
Security Deposits - Non Current	-	-	-	7,370.00	-	-	7,370.00
	(-)	(-)	(-)	(7,370.00)	(-)	(-)	(7,370.00)
Loans and Advances							
Balance as at April 1, 2019	-	-	-	-	-	-	-
	(3.78)	(4.22)	(26.40)	-	(0.07)	(258.19)	(292.66)
Given During the year	-	-	-	-	-	-	-
	(0.10)	(-)	(0.75)	(-)	(-)	(10.03)	(10.88)
Received during the year	-	-	-	-	-	-	-
	(-)	(0.30)	(-)	(-)	(-)	(-)	(0.30)
Impaired during the Year	-	-	-	-	-	-	-
	(3.88)	(3.92)	(27.15)	(-)	(0.07)	(268.22)	(303.24)
Balance as at March 31, 2020	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Borrowings							
Balance as at April 1, 2019	-	-	-	3,766.63	-	-	3,766.63
	(-)	(-)	(-)	(2,716.08)	(-)	(-)	(2,716.08)
Received During the year	-	-	-	1,953.08	-	-	1,953.08
	(-)	(-)	(-)	(1,626.80)	(-)	(-)	(1,626.80)
Repaid during the year	-	-	-	544.87	-	-	544.87
	(-)	(-)	(-)	(576.25)	(-)	(-)	(576.25)
Balance as at March 31, 2020	-	-	-	5,174.84	-	-	5,174.84
	(-)	(-)	(-)	(3,766.63)	(-)	(-)	(3,766.63)
Interest Payable							
Balance as at March 31, 2020	-	-	-	1,073.18	-	-	1,073.18
	(-)	(-)	(-)	(535.20)	(-)	(-)	(535.20)
Corporate Guarantee							
Balance as at March 31, 2020	-	6,961.75	-	5,021.65	-	-	11,983.40
	(-)	(6,961.75)	(-)	(5,021.65)	(-)	(-)	(11,983.40)
Non Current Investment							
Balance as at March 31, 2020	-	-	-	1,896.73	-	-	1,896.73
	(-)	(-)	(-)	(1,896.73)	(-)	(-)	(1,896.73)

Figures in brackets represents previous year's amounts.

Notes to Financial Statements

2 Transactions with related parties for the year ended March 31, 2020 (for the period which relationship exist)

₹ in Lakhs

Nature of transactions	Associates			Total
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	
Engineering & Design Fees	-	-	-	-
	(6.11)	(-)	(-)	(6.11)
Rent	-	145.62	-	145.62
	(-)	(118.76)	(-)	(118.76)
Interest Expenses on ICD	-	-	367.87	367.87
	(-)	(23,851.28)	(366.86)	(24,218.14)
Sale of Surplus Material	-	-	-	-
	(-)	(65.69)	(-)	(65.69)
Dividend Received	-	-	-	-
	(2.55)	(-)	(-)	(2.55)
Trade Payables	71.49	752.56	-	824.05
	(71.49)	(573.02)	(-)	(644.51)
Interest Accrued but not due	-	44,743.28	912.78	45,656.06
	(-)	(44,743.28)	(544.91)	(45,288.19)
Borrowings				
Balance as at April 1, 2019	-	-	2,934.91	2,934.91
	(-)	(1,69,643.77)	(2,934.91)	(1,72,578.68)
Received during the year	-	-	-	-
	(-)	(58,845.20)	(-)	(58,845.20)
Assigned to Third Party	-	-	-	-
	(-)	(2,28,488.97)	(-)	(2,28,488.97)
Balance as at March 31, 2020	-	-	2,934.91	2,934.91
	(-)	(-)	(2,934.91)	(2,934.91)
Non Current Investment				
Balance as at March 31, 2020	153.48	-	-	153.48
	(153.48)	(-)	(-)	(153.48)

Figures in brackets represents previous year's amounts.

3 Transactions with related parties for the year ended March 31, 2020. (for the period which relationship exist)

₹ in Lakhs

Nature of transactions	Key Managerial Persons*					Total
	Mr. Madan Pendse	Mr. Debashis Bir	Mr. Nikhil Jain	Mr. Paresh Rathod	Mr. Avinash Godse	
Short Term Employee Benefits	13.30	93.42	25.00	17.30	8.48	157.50
	(-)	(70.78)	(48.02)	(39.85)	(-)	(158.65)
Post Employment Benefits	-	3.75	0.91	0.69	0.34	5.69
	(-)	(3.50)	(2.19)	(1.44)	(-)	(7.13)

Figures in brackets represents previous year's amounts.

* As the liability of gratuity and leave encashment is provided by Company as a whole and not for particular person, the same is not included in above figures.

c) Details of Loan given and investment made and guarantee given, covered u/s 186(4) of the Companies Act, 2013.

- Loan given and investment are given under the respective head.
- Corporate Guarantee have been issued on behalf of subsidiary companies, details of which are given in related party transactions above.

Reliance Naval and Engineering Limited

Notes to Financial Statements

Note - 38

Operating Lease

Effective April 1, 2019, the Company has adopted Ind AS-116 "Leases" under modified retrospective approach without adjustment of comparatives and has considered a Right of Use (ROU) Assets and corresponding lease liabilities of ₹ 9,768.46 Lakhs during the Year ended March 31, 2020. Due to transition, the nature of expenses in respect of non-cancellable operating lease has changed from lease rent to depreciation and finance costs for the ROU assets and lease liabilities respectively. This has resulted in increase in depreciation and amortization expense ₹ 1,065.38 Lakhs, finance costs of ₹ 1,381.31 Lakhs and decrease in infrastructure operations and maintenance cost of ₹ 1,814.64 Lakhs for the Year ended March 31, 2020.

Future minimum lease payments under non-cancellable operating lease:

		₹ in Lakhs
Sr No	Particulars	As at March 31, 2020
1	Depreciation charge for right-of-use assets	1,065.38
2	Interest expense on lease liabilities	1,381.31
3	Expense relating to short-term leases:	
	- Infra Operation & maintenance cost	1,814.64
	- Other Expenses	-
4	Total cash outflow for leases	-
5	Additions to right-of-use assets	10,833.84
6	Carrying amount of right-of-use assets	9,768.46
7	Carrying amount of lease liabilities	10,400.76

Maturity analysis of lease Payables on undiscounted basis

		₹ in Lakhs
Sr No	Particulars	As at March 31, 2020
1	Within one year	1,833.23
2	After one year but not later than five years	7,636.14
3	Later than five years	15,954.37
Total		25,423.74

Note - 39

Financial Risk Management Objective and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Company's operations, projects under implementation and to provide guarantees to support its operations. The Company's principal financial assets include investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors, reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk:

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Notes to Financial Statements

I Interest rate exposure profile appended in the table below ₹ in Lakhs

Borrowings	As at	
	March 31, 2020	March 31, 2019
Floating Rate Loans	9,00,520.54	7,83,348.54
Fixed Rate Loans	3,09,237.37	3,07,034.87
	<u>12,09,757.91</u>	<u>10,90,383.41</u>

II Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

Risk Exposure	As at		As at	
	March 31, 2020		March 31, 2019	
Effect on profit/ (loss) before tax due to following change in interest rates	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	1,801.04	1,801.04	1,566.70	1,566.70

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency exposures: ₹ in Lakhs

Particulars	As at	
	March 31, 2020	March 31, 2019
Payables (A)	4,516.72	30,794.47
Trade and Other Receivables (B)	-	609.98
Net Exposure (A-B)	<u>4,516.72</u>	<u>30,184.49</u>

The advances to the vendors in foreign currency is not considered above.

Foreign Risk Sensitivity:

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

Risk Exposure	As at		As at	
	March 31, 2020		March 31, 2019	
Effect on profit / (loss) before tax due to foreign exchange rate fluctuation	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
	225.84	225.84	1,509.22	1,509.22

Commodity price risk:

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

Reliance Naval and Engineering Limited

Notes to Financial Statements

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

Liquidity risk:

Liquidity risk is the risk that the Company will face in meeting its obligation associated with its financial liabilities. The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of Bank Overdrafts, Letters of Credit and Working Capital Limits.

The below table summarizes the maturity profile of the Company's financial liability based on contractual undiscounted cash flows:

					₹ in Lakhs
Liquidity Profile	Less than 1 year	1-3 Year	3-5 Year	More than 5 Year	Total
As at March 31, 2020*					
Non Current Borrowings	-	63.36	111.95	959.08	1,134.39
Current Borrowings	6,45,844.79	-	-	-	6,45,844.79
Other Financial Liabilities	8,44,836.32	-	-	-	8,44,836.32
Trade Payables	29,992.20	-	-	-	29,992.20
Total	15,20,673.31	63.36	111.95	959.08	15,21,807.70
As at March 31, 2019					
Non Current Borrowings	-	78.80	42.25	940.06	1,061.11
Current Borrowings	5,26,614.08	-	-	-	5,26,614.08
Other Financial Liabilities	7,37,372.49	-	-	-	7,37,372.49
Trade Payables	28,134.46	-	-	-	28,134.46
Total	12,92,121.03	78.80	42.25	940.06	12,93,182.14

* All the Payables are reflected as less than 1 year since all the lenders have recalled the loan

Note - 40

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Capital Gearing Ratio

		₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019	
Equity	73,759.13	73,759.13	
Retained Earnings	(12,61,711.47)	(10,99,585.36)	
Total (A)	(11,87,952.34)	(10,25,826.23)	
Borrowing			
Non-Current	23,052.07	5,65,000.80	
Current	11,86,705.84	5,26,614.08	
Total (B)	12,09,757.91	10,91,614.88	
Capital Gearing Ratio (B/A)	(1.02)	(1.06)	

Notes to Financial Statements

Note - 41

Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 15 and Note No 18 has been invoked by the banks.

Note - 42

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

Revenue disaggregation as per industry vertical and geography has been included in segment information (Refer note 36)

Particulars	As at March 31, 2020
₹ in Lakhs	
Changes in contract liability are as follows:	
Balance at the beginning of the year	31,444.38
Provision recognised during the year	-
Cost incurred during the year	(754.90)
Balance at the end of the year	30,689.48
Changes in contract assets are as follows:	
Balance at the beginning of the year	43,568.44
Revenue Recognised during the year	6,436.33
Invoice Raised and Revenue Booked during the year	119.93
Impaired/ Write off/ Transferred to Inventory during the year	-
Receipts against invoice or advance settled against revenue	2,911.10
Balance at the end of the year	53,035.80
Reconciliation of revenue recognised with the contracted price is as follows:	
Contracted price	6,436.33
Reductions towards variable consideration components	(160.70)
Revenue recognised	6,275.63

The reduction towards variable consideration comprises of Liquidated Damages, which are shown separately in note no 29

Disclosure in respect of long term contracts under progress:

Sr No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
₹ in Lakhs			
a	The contract revenue recognised in the year	6,171.39	15,666.23
b	The aggregate amount of cost incurred and recognised in profits (less recognised losses) upto the end of year for all contracts in progress.	1,65,936.91	1,55,087.06
c	Amount of advance received from the customers for contracts in progress.	19,778.40	1,48,697.54

Note - 43

The Company has outstanding borrowings from banks and financial institutions aggregating ₹ 11,15,630.84 Lakhs including interest thereon and bank balances (current account and term deposit) aggregating to ₹ 1,579.78 Lakhs, balance confirmation as at March 31, 2020 not been received by the Company. During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. These claims are under verification and the RP is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020.

Note - 44

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 the shipbuilding contract receivables, Advance against purchase of Material/ Services and Inventories.

Note - 45

As on March 31, 2020, the Company has shipbuilding contracts receivables of ₹ 173,959.62 lakhs, including invocation of the bank guarantees amounting to ₹ 93,739.15 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has 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 15, 2020.

Reliance Naval and Engineering Limited

Notes to Financial Statements

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 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 has offered the Company an opportunity to present a proposal by August 31, 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. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/ Services and inventories has been made in the financial statements.

Note - 46

The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc) is ₹ 402,015.44 Lakhs. As explained in Note 1 above, the Company is under CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. 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 full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets.

Note - 47

Post Reporting Events

On March 16, 2020 and subsequent to year end on May 19, 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 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. As the Company is under CIRP, it has requested GPPL to continue with the agreement for the smooth resolution process and expect to pay the lease rent as per the provision of the Code.

Note - 48

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Company, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Company.

Few of the construction activities are already commenced albeit in a limited manner. Further the Company has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. Any changes due to the changes in situations/ circumstances will be taken into consideration, if necessary, as and when it crystallizes; accordingly it is not possible to determine exact financial impact of COVID-19 pandemic over the business at this juncture.

Note - 49

Authorisation of Financial Statements

These financial statements have been prepared by the management of the Company and certified by CFO and Company secretary of the Company. These financial statements were placed in the meeting of RP, CFO and Company Secretary for their considerations (CFO and Company Secretary are referred herein after as "Key Managerial Persons"). Accordingly, the audited financial statements were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examinations by and representations, clarifications and explanations provided by the key managerial persons, has approved the Financial statements. The key managerial persons has provided the certifications and representations with responsibility in respect of various secretarial, compliances and matters which are pertaining to the period prior to the appointment of Resolution Professional. The RP is relying on the management representation letters for all information and confirmations in relation to the day to day functioning of the Company.

Note - 50

Previous year figures have been regrouped and rearranged, wherever necessary to make them comparable with those of the current year.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Place : Mumbai
Date : July 31, 2020

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE NAVAL AND ENGINEERING LIMITED

(A Company under Corporate Insolvency Resolution Process vide NCLT order)

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **RELIANCE NAVAL AND ENGINEERING LIMITED** (hereinafter referred to as "the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance sheet as at March 31, 2020, and the Statement of Consolidated Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below*, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020 and its consolidated loss including consolidated other comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

- a) We draw your attention to Note no. 45 to the Consolidated Financial Statements:
 - i) regarding non receipt of balance confirmation from banks and financial institutions (including current accounts and fixed deposits) as on March 31, 2020, accordingly the finance costs for the year end has been recognised based on balances as appearing in the books of account as on March 31, 2020 and may undergo change upon receipt of the confirmations. The impact of the same on the Consolidated Financial Statements cannot be quantified.
 - ii) during the year, as a part of Corporate Insolvency Resolution Process ("CIRP"), creditors were called upon to submit their claims upto January 15, 2020. The claims submitted by the creditors are under verification and in respect of operational creditors the process of submitting claims is still going on and it is also under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, consequential impact, if any, on the consolidated financial results is not currently ascertainable.
- b) As mentioned in note no. 46 and 47 to the Consolidated Financial Statements, ONGC has cancelled the order for Offshore Support Vessels (OSVs) and invoked the bank guarantees in FY 2018-19; further during the year, the Ministry of Defence has also cancelled the order of Naval

Offshore Patrolling Vessels (NOPVs) and invoked the bank guarantees, which have been contested by the Company. The above cancellation has resulted into uncertainty about the recoverable value of its assets. As mentioned in note no. 48 to the Consolidated Financial Statements, the Company has not performed the impairment testing of its Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Goodwill on Consolidation, Investments, Other Non Current Assets, Inventories, Trade Receivables and other Current Assets including Advance against purchase of material / services, Shipbuilding Contracts Receivables and Other Advances of the Group as at March 31, 2020 aggregating to ₹ 472,411.95 Lakhs. We are unable to obtain sufficient appropriate audit evidence about the recoverable value of the above assets; accordingly we are unable to quantify the provision for impairment for the same and its consequential impacts on the Consolidated Financial Statements of the Group.

- c) We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to Comment on the possible financial impact, presentation and disclosures, if any, that may arise if we have been provided access to those information.
- d) The consolidated financial statements include the financial information /statements of a subsidiary which reflects total assets of ₹ 29,968.68 Lakhs as at March 31, 2020, total revenue of ₹ 0.07 lakh, total net loss after tax of ₹ (6,066.50) lakhs and total comprehensive loss of ₹ (6,066.50) lakhs, for the year ended on that date, and net cash outflow ₹ 0.85 Lakh for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of a subsidiary, whose financial information / statements have not been audited; as mention in note no. 3.6 to the consolidated financial statements, the financial statements of that subsidiary are unaudited and have been approved by the Resolution Professional of that subsidiary and our opinion on the consolidated financial statements, in so far as it relates to the amounts and financial information included in respect of above subsidiary, is based solely on these unaudited financial statements. Consequently, effects on the Group's total assets, total liabilities, net profit / (loss) and of total comprehensive income, if any, pursuant to the audit of that subsidiary, are not ascertainable at this stage.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Reliance Naval and Engineering Limited

Independent Auditor's Report

Material Uncertainty related to Going Concern

We draw attention to the Note no. 34 to the Consolidated Financial Statements regarding preparation of Consolidated financial statements of the Group on going concern basis, notwithstanding the fact that the Group continues to incur cash losses, its net worth has been fully eroded, defaulted in repayment of principal and interest to its lenders, loans have been called back by secured lenders, non-current assets are significantly impaired, current liabilities exceeded the total assets of the Group, major customers have cancelled the orders, termination notice received to terminate the sub concession lease agreement of land parcel on which Parent's SEZ unit operates, etc. As mention in para 1 in Responsibilities of Management and Resolution Professional and Those Charged with Governance for the Consolidated Financial Statements below, since the CIRP is currently in progress, as per the Code, it is required that the Parent be managed as going concern during the CIRP, the consolidated financial statements is continued to be prepared on going concern basis. However there exists material uncertainty about the Group's ability to continue as a going concern since the same is dependent upon the resolution plan to be formulated and approved by NCLT. The appropriateness of preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to Note no. 50 to the Consolidated Financial Statements, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Company.

Our opinion is not modified in respect of this matter.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion & Material Uncertainty Related to Going Concern section, we have determined the matter described below to be key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
1) Litigation Matters and Contingent Liabilities	
The Group is subject to number of legal and tax related claims which have been disclosed / provided for in the Consolidated Financial Statements based on the facts and circumstances of each case.	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> Reviewing the process of identification of claims, litigations and contingent liabilities. Reviewing the legal and tax cases and assessed management's position through discussion on both the probability of success in significant cases and the magnitude of any potential loss.

<p>There is a high level of judgment required in estimating the level of provisioning required and appropriateness of disclosure of contingent liabilities.</p> <p>Refer Note 1 (g) (XV) – "Significant Accounting Policies – Provision, Contingent Liabilities and Contingent Assets" and Note 32 – "Contingent Liabilities and Commitments" to the Consolidated Financial Statements.</p>	<ul style="list-style-type: none"> Discussion with the management on the development in these litigations during the year ended March 31, 2020. Verifying that accounting and /or disclosure as the case may be in the Consolidated Financial Statements is in accordance with the assessment of management. Obtaining representation letter from the management on the assessment of these matters as per SA 580(revised) – Written representations.
---	--

Other Information

The Parent Company's Board of Directors / Resolution Professional/ Management are responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Financial Statements and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Resolution Professional and Those Charged with Governance for the Consolidated Financial Statements

During the year, the Hon'ble National Company Law Tribunal ("the NCLT"), Ahmedabad Bench, admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by financial creditors vide order no. CP (IB) No. 418/7/NCLT/AHM/2018 dated January 15, 2020 and appointed an Interim Resolution Professional ("IRP"), Mr. Rajeev Bal Sawangikar, to manage affairs of the Company in accordance with the provisions of the Code. Subsequent to the year, the NCLT, Ahmedabad Bench, vide order no. IA 233/2020 in CP (IB) No. 418/7/NCLT/AHM/2018 dated May 5, 2020 appointed Mr. Sudip Bhattacharya as Resolution Professional ("RP") replacing the IRP according to the resolution passed by the Committee of Creditors unanimously. In view of pendency of the CIRP and suspension of powers of Board of Directors and as explained to us, the powers

Independent Auditor's Report

of adoption of the Statement vests with RP. The Standalone Financial Statements are prepared by the Management of the Company and Certified by Mr. Madan Pendse, Chief Financial Officer and approved by RP.

The Parent Company's Board of Directors / Resolution Professional / Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated loss (consolidated financial performance including consolidated other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors / Resolution Professional / Management of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management of the Parent Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors/ Resolution Professional / Management of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/ Resolution Professional / Management of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' Responsibility for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence

the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of Parent Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Reliance Naval and Engineering Limited

Independent Auditor's Report

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements of 4 subsidiaries, whose financial statements reflect total assets of ₹ 81,168.76 Lakhs as at March 31, 2020, total revenues of ₹ 2,172.92 Lakhs, total comprehensive loss of ₹ (8,326.27) Lakhs and net cash outflows amounting to ₹ 9.21 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

b) The Consolidated Financial Statements also includes unaudited financial information of an associate, which reflects the Group's share of net profit including total other comprehensive income of ₹ 13.84 Lakhs for the year ended March 31, 2020, which is certified by the Management. According to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries and the unaudited financial information of an associate, companies

incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- a. We have sought and obtained, *except for matters described in the Basis for Qualified Opinion paragraph above*, all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Statement of Consolidated Profit and Loss (Including other comprehensive income), the Statement of Consolidated Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
- e. *The matter described under Basis for Qualified Opinion paragraph above and matter described under Material Uncertainty Related to Going Concern paragraph above*, in our opinion, may have an adverse effect on the functioning of the Group.
- f. Except for two of the directors of the Parent company who had resigned before March 31, 2020, written representation is received from all other directors as on March 31, 2020. On the basis of such written representations received from the other directors of the Parent Company as on March 31, 2020 and taken on record in the meeting of RP of the Parent Company and also based on legal opinion obtained by the Parent Company, with reference to the cancellation of the NCDs issued by the Company to its lenders and principal and interest thereon not payable and its consequential impact on the disqualification of directors under section 164(2) of the Act as mentioned in note no. 15.3 to the Consolidated Financial Statements, the reports of the statutory auditors of its subsidiaries, companies incorporated in India, none of the directors of the Group companies, companies incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**", which is based on the auditor's reports of the Parent Company and its subsidiaries, companies incorporated in India to whom internal financial controls over financial reporting is applicable. Refer para (b) in the Other Matters paragraph above for unaudited financial information of an associate company.

Independent Auditor's Report

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Parent Company has paid managerial remuneration of ₹ 97.17 Lakhs to its whole time director as approved by the shareholders of the Parent Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act.

i. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in *the Basis for Qualified Opinion paragraph* above;

j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated

financial position of the Group. Refer Note No. 32.1 to the Consolidated Financial Statements;

ii. The Group has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiaries, companies incorporated in India.

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

Chartered Accountants

Firm Reg. No. 107783W/ W100593

Gyandeo Chaturvedi

Partner

Membership No.46806

UDIN: 20046806AAAAAU9144

Place : Mumbai

Dated : July 31, 2020

Reliance Naval and Engineering Limited

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on Consolidated Financial Statements of RELIANCE NAVAL AND ENGINEERING LIMITED for the year ended March 31, 2020)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **RELIANCE NAVAL AND ENGINEERING LIMITED** (hereinafter referred to as "the Parent Company") and its subsidiaries, which are companies incorporated in India, as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Parent Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors/Resolution Professional / Management of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on the audit of test of controls, except on strengthening of documentation of policies regarding delegation of authority and access right to financial records and process of archival of records and periodic review which we are informed that is in process, in our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control

Annexure "A" to the Independent Auditor's Report

over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Parent Company, in so far as it relates to 3 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783W/ W100593
Gyandeo Chaturvedi

Partner
Membership No.46806
UDIN: 20046806AAAAAU9144

Place : Mumbai
Dated : July 31, 2020

Reliance Naval and Engineering Limited

Consolidated Balance Sheet as at March 31, 2020

₹ in Lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019	
I ASSETS				
(1) Non Current Assets				
Property, Plant and Equipment	2	1,96,248.27	2,01,211.56	
Capital Work in Progress	2	3,669.00	10,277.21	
		<u>1,99,917.27</u>	<u>2,11,488.77</u>	
Goodwill on Consolidation		1,018.79	1,018.79	
Financial Assets				
Investments	3	30,292.03	30,278.19	
Other Financial Assets	4	-	3,440.27	
		<u>30,292.03</u>	<u>33,718.46</u>	
Deferred Tax Assets (net)	5	-	-	
Other Non Current Assets	6	627.91	591.70	
		<u>627.91</u>	<u>591.70</u>	
			2,31,856.00	2,46,817.72
(2) Current Assets				
Inventories	7	49,490.81	62,216.62	
		<u>49,490.81</u>	<u>62,216.62</u>	
Financial Assets				
Trade Receivables	8	290.49	555.17	
Cash and Cash Equivalents	9	1,564.06	5,030.69	
Other Bank Balances	10	29.14	572.57	
Other Current Financials Assets	11	0.87	82.23	
		<u>1,884.56</u>	<u>6,240.66</u>	
Current Tax (net)		737.94	983.75	
Other Current Assets	12	1,90,774.98	98,372.74	
		<u>1,91,512.92</u>	<u>99,356.49</u>	
			2,42,888.29	1,67,813.77
TOTAL ASSETS		4,74,744.29	4,74,744.29	4,14,631.49
II EQUITY AND LIABILITIES				
(1) Equity				
Share Capital	13	73,759.13	73,759.13	
Other Equity	14	(12,91,510.80)	(11,15,908.27)	
			(12,17,751.67)	(10,42,149.14)
(2) Liabilities				
Non Current Liabilities				
Financial Liabilities				
Borrowings	15	25,552.07	27,762.02	
Lease Liability		1,797.51	-	
		<u>27,349.58</u>	<u>27,762.02</u>	
Provisions	16	87.33	204.26	
Other Non Current Liabilities	17	3,621.35	5,624.21	
		<u>3,708.68</u>	<u>5,828.47</u>	
			31,058.26	33,590.49
Current Liabilities				
Financial Liabilities				
Borrowings	18	7,09,536.28	5,91,645.45	
Trade Payables	19			
(a) Total outstanding dues of micro and small enterprises		753.84	851.80	
(b) Total outstanding dues of creditors other than micro and small enterprises		29,706.56	27,693.45	
Other Current Financial Liabilities	20	8,82,865.42	7,61,868.37	
		<u>16,22,862.10</u>	<u>13,82,059.07</u>	
Other Current Liabilities	21	4,064.83	5,992.63	
Provisions	22	34,510.77	35,138.44	
		<u>38,575.60</u>	<u>41,131.07</u>	
			16,61,437.70	14,23,190.14
TOTAL EQUITY AND LIABILITIES		4,74,744.29	4,74,744.29	4,14,631.49

Significant Accounting Policies
Notes to Financial Statements

1
2 to 52

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Place : Mumbai
Date : July 31, 2020

Reliance Naval and Engineering Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

		₹ in Lakhs	
Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from Operations	23	7,549.08	18,000.35
Other Income	24	2,371.98	465.64
Total Income		9,921.06	18,465.99
Expenses			
Cost of Materials Consumed	25	3,252.15	17,861.36
Cost of Raw Material Sold		515.87	4,722.09
Changes in Inventories of Work in Progress & Scrap	26	(1,303.63)	(7,094.52)
Employee Benefits Expenses	27	2,053.61	2,450.59
Finance Costs	28	1,46,886.47	1,36,825.09
Depreciation and Amortisation Expenses	2	7,195.19	7,049.51
Other Expenses	29	20,801.35	8,627.37
Total Expenses		1,79,401.01	1,70,441.49
Loss before Exceptional Items and Tax		(1,69,479.95)	(1,51,975.50)
Exceptional Items	30	(6,608.21)	(9,01,609.04)
Loss Before Tax		(1,76,088.16)	(10,53,584.54)
Tax Expense			
- Tax of earlier Years		-	(4,638.35)
- Deferred Tax Credit/ (Reversal)	5	-	(34,498.30)
Loss for the year from continued operations		(1,76,088.16)	(10,92,721.19)
Add:- Consolidated share in the profits of associate		13.84	66.05
Loss for the year after discontinued operations		(1,76,074.32)	(10,92,655.14)
Other Comprehensive Income			
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		6.59	(17.33)
Income tax relating to items that will not be reclassified to profit or loss		-	5.37
Total Other Comprehensive Income for the year		6.59	(11.96)
Total Comprehensive Income for the period		(1,76,067.73)	(10,92,667.10)
(Comprising Profit/(Loss) and Other Comprehensive Income/(Loss) for the year)			
Earnings per Equity Share of ₹10 each	31		
- Basic (In Rupees)		(23.87)	(148.14)
- Diluted (In Rupees)		(23.87)	(148.14)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 52		

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Place : Mumbai
Date : July 31, 2020

Reliance Naval and Engineering Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A Equity Share Capital	₹ in Lakhs				
	Particulars	As at March 31, 2020		As at March 31, 2019	
		No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13	
Add: Shares Issued during the year	-	-	-	-	
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13	

B Other Equity	Reserve and Surplus					Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income		
As at April 01, 2018	6,254.96	1,50,011.33	64,527.97	(2,50,302.45)	93.26	(29,414.93)	
Add/(Less):							
Loss for the year	-	-	-	(10,86,481.38)	-	(10,86,481.38)	
Other Comprehensive Income	-	-	-	-	(11.96)	(11.96)	
As at March 31, 2019	6,254.96	1,50,011.33	64,527.97	(13,36,783.83)	81.30	(11,15,908.27)	
As at April 01, 2019	6,254.96	1,50,011.33	64,527.97	(13,36,783.83)	81.30	(11,15,908.27)	
Add/(Less):							
Loss for the year	-	-	-	(1,75,609.12)	-	(1,75,609.12)	
Other Comprehensive Income	-	-	-	-	6.59	6.59	
	-	-	-	(1,75,609.12)	6.59	(1,75,602.53)	
As at March 31, 2020	6,254.96	1,50,011.33	64,527.97	(15,12,392.95)	87.89	(12,91,510.80)	

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Reliance Naval and Engineering Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
A	Cash Flow from Operating Activities		
	Net Loss before Tax	(1,76,088)	(10,53,585)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	7,195	7,050
	Exceptional Items	6,608	9,01,609
	Interest Income	(177)	(454)
	Dividend on Current Investments	-	(3)
	Loss on Sale of Plant, property and equipments (net)	-	4
	Finance Costs	1,46,886	1,36,825
	Provision for Liquidated Damages	161	530
	Provision for estimated cost over contract revenue	1,755	(285)
	Provision for Impairment of Current Assets	-	37
	Provision for Non-Moving Inventory	11,015	-
	Actuarial gains/(losses) on defined benefit plans	7	(17)
	Cost Estimated for Revenue Recognised	(2,510)	(12,074)
	Balances Written off (net)	831	9,179
	Foreign Exchange Loss/(Gain) (net)	2,616	1,601
	Operating profit/(loss) before working capital changes	(1,701)	(9,583)
	Adjusted for		
	Inventories	1,710	7,632
	Trade and Other Receivables	(99,881)	(2,559)
	Trade and Other Payables	(18,703)	(8,147)
	Cash Used in Operations	(1,18,575)	(12,657)
	Direct Taxes (Paid) / Refund	246	1,318
	Net Cash Flow Used in Operating Activities	(1,18,329)	(11,339)
B	Cash Flow from Investing Activities		
	Purchase of Property, Plant and Equipment and Capital Work in Progress	-	(26)
	Sale of Property, Plant and Equipment and Capital Work in Progress	2,175	-
	Advance to Subsidiaries (Net)	(1,408)	(18,109)
	Sale of Investments	-	8
	FD kept with bank	3,984	15,439
	Interest Received	177	1,054
	Dividend Received on Current Investments	-	3
	Net Cash Flow (used in)/from Investing Activities	4,928	(1,631)

Reliance Naval and Engineering Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
C	Cash Flow from Financing Activities		
	Long Term Borrowings (Increase/(Repayment))	(8,005)	(1,20,942)
	Short Term Borrowings (Increase/(Repayment))	1,17,891	1,58,125
	Interest Paid	49	(26,936)
	Net Cash Flow (used in) / from Financing Activities	1,18,159	10,247
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(3,466)	(2,723)
	Effect of exchange difference on cash and cash equivalent held in foreign currency	0*	0*
	*Exchange Difference on Foreign Currency is ₹ 86 in current year and ₹ 28,861 in previous year.		
	Cash and Cash Equivalents - Opening balance	5,031	7,754
	Less: on account of Reliance Underwater Systems Private Limited. No longer Subsidiary	(1)	-
		5,030	7,754
	Cash and Cash Equivalents - Closing balance	1,564	5,031

Change in Liability arising from financing activities

Sr. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Long Term Borrowings	Short Term Borrowings	Long Term Borrowings	Short Term Borrowings
1	Opening Balance	5,86,315.03	5,91,645.45	6,46,724.34	4,22,225.82
2	Net Cash Flow as above	(8,005.01)	1,17,890.83	(61,774.75)	1,69,419.63
3	Non Cash Changes				
a	Foreign Exchange Movement	2,130.65	-	1,365.44	-
b	Inter Group Transfer	-	-	-	-
c	Fair Value Changes	-	-	-	-
4	Closing Balance	5,80,440.67	7,09,536.28	5,86,315.03	5,91,645.45

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.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Notes to Consolidated Financial Statements

Note - 1

Statement of Significant Accounting Policies

General Information

The consolidated financial statements comprise financial statements of Reliance Naval and Engineering Limited ('RNEL' or the 'Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2020. The Company is limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchahiya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding/repair infrastructure including the largest Dry Dock in India. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels(NOPVs) for Indian Navy. The Shipyard has modular shipbuilding facility with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

On September 4, 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 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") has 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 5th May, 2020. Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP. The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of Preparation of Consolidated Financial Statements:

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] on accrual basis and other relevant provisions of the Act. The Consolidated Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

b Historical Cost Convention:

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS;
- ii Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- iii Defined benefit plans – plan assets measured at fair value; and
- iv Assets held for sale – measured at fair value less cost to sell;

c Principles of Consolidation:

The Consolidated Financial Statements relate to the Reliance Naval and Engineering Limited ('the Company') and its subsidiary companies & associate company. The Consolidated Financial Statements have been prepared on the following basis:

- i. The consolidated financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra - group balances and intra - group transactions in accordance with Ind AS 110 "Consolidated Financial Statements".
- ii. Subsidiaries are the entities controlled by the Company. The Company controls a company when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.
- iii. In case of a foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. The resultant translation exchange differences have been transferred to foreign currency translation reserves through other comprehensive income.

Notes to Consolidated Financial Statements

iv. **Non – Controlling Interests (NCI):**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

v. **Transactions eliminated on consolidation:**

Intra – group balances and transactions and any unrealised income and expenses arising from intra–group transactions, net of deferred taxes, are eliminated.

vi. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

vii. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries are recognized in the Consolidated Financial Statements as Goodwill, which is not being amortised but tested for impairment periodically.

viii. Investments in Associate Company have been accounted under the equity method as per Ind AS 28 "Investments in Associates and Joint Ventures".

ix. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in associates are identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

d **Functional and Presentation Currency:**

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which The Group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the functional currency for The Group.

e **Use of Estimates:**

The preparation of Consolidated Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised and if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

Estimates and assumptions are required in particular for:

i. **Determination of the estimated useful life of tangible assets:**

The assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. **Recognition and measurement of defined benefit obligations:**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post–employment benefit obligations.

iii. **Recognition of deferred tax assets:**

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. **Recognition and measurement of other provisions:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions.

v. **Discounting of long – term financial liabilities:**

All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

Notes to Consolidated Financial Statements

vi. **Determining whether an arrangement contains a lease:**

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. **Fair value of financial instruments:**

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. **Revenue recognition:**

Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from Contracts with Customers'. The estimates are revised periodically.

f **Current Versus Non Current Classification:**

i. The assets and liabilities in the Balance Sheet are based on current / non - current classification. An asset is current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or
- 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

ii **A liability is current when it is:**

- 1 Expected to be settled in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Due to be settled within twelve months after the reporting period, or
- 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

g **Other Significant Accounting Policies:**

I **Property, Plant and Equipments:**

- i. The Group has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Group has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost.
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use are capitalised as part of total cost of assets.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II **Depreciation:**

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50
Offshore Yard	50
Roads, Culverts & Bridge	25
Mobile Phones	2

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

- ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III Borrowing Costs:

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

IV Intangible Assets:

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 - 10 years.

V Fair Value Measurement:

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an assets or liability is measured using the assumptions that market participants would use when pricing the assets or liability, acting in their best economic interest. The fair value of plant and equipments as at transition date to Ind AS have been taken based on valuation performed by an independent technical expert. The Company used valuation techniques which were appropriate in circumstances and for which sufficient data were available considering the expected loss/profit in case of financial assets or liabilities.

VI Inventories:

- i. Raw Materials, Stores and Spares, Work – in – Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 – Leases:

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Notes to Consolidated Financial Statements

VIII Government Subsidy:

- i Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.
- iii Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.
- iii. Non monetary foreign currency items are carried at historical cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

Financial Assets:

i Classification:

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

ii Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss

iii Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables.

iv Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi Investment in Subsidiaries and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

vii Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from other comprehensive income to profit or loss.

viii Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. Debt instruments included with in the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

ix **Derecognition of Financial Assets:**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

x **Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not valued through Statement of Profit and Loss.

Financial Liabilities:

i **Classification:**

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

ii **Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

iii **Subsequent measurement:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchase in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

iv **Loans and Borrowings:**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

v **Derecognition of Financial Liabilities:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

vi **Derivative Financial Instrument and Hedge Accounting:**

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

XI **Employee Benefits:**

i **Short term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. **Defined benefit plans:**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the

Notes to Consolidated Financial Statements

present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

iii. Other long-term employee benefits:

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement is recognised in Statement of Profit and Loss in the period in which they arise.

XII Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date after taking credit for tax relief available for export operations in Special Economic Zones (SEZs)

Current tax assets and liabilities are offset only if, the Company:

- 1 has a legally enforceable right to set off the recognised amounts; and
- 2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rate and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- 1 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash - generating unit to which the asset belongs.

XIV Warranty Provision:

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XV Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

XVI Earnings per share:

- i Basic earnings per share: Basic earnings per share is calculated by dividing:
 - 1 the profit attributable to owners of the Company;
 - 2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.
- ii Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
 - 1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
 - 2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

h Subsidiary and Associate Companies considered in the Consolidated Financial Statements:

a Subsidiary Companies

Name of the Subsidiary	Nature of Business	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited (ECPL)	SEZ Developer	India	100%
RMOL Marine and Offshore Limited (RMOL) (formerly Reliance Marine and Offshore Limited)	Yet to Commence business	India	100%
PDOC Pte. Ltd.	Yet to Commence business	Singapore	100%
REDS Marine Services Limited (formerly Reliance Engineering and Defence Services Limited)	Engineering Services	India	100%
Reliance Technologies and Systems Private Limited	Yet to Commence business	India	100%

b Associate Company

Name of the Associate	Country of Incorporation and place of business	Proportion of Ownership Interest
Conceptia Software Technologies Private Limited (The Company is engaged in the business of Software Design)	India	25.50%

- c The carrying amount of investment in associate includes Goodwill of ₹ 110.21 lakhs.

Notes to Consolidated Financial Statements

Note - 2
A Property, Plant and Equipments

Particulars	Owned Assets						Leased Assets		Intangible Assets	Total	
	Land and Site Development	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Right-of-use Assets			Leasehold Land and Development
I Gross Carrying Amount											
As at April 01, 2019	49,073.00	55,137.12	5,21,878.44	971.60	1,095.45	638.19	6,28,793.80	-	48,448.78	10,730.31	6,87,972.89
Additions during the year	-	-	-	-	-	-	-	2,203.01	-	-	2,203.01
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	49,073.00	55,137.12	5,21,878.44	971.60	1,095.45	638.19	6,28,793.80	2,203.01	48,448.78	10,730.31	6,90,175.90
II Accumulated Depreciation and Impairment											
As at April 01, 2019	-	15,573.58	1,07,030.00	765.27	898.55	438.24	1,24,705.64	-	15,693.28	917.24	1,41,316.16
Additions during the year	-	1,425.01	5,329.69	11.80	13.22	28.71	6,808.43	80.11	306.65	-	7,195.19
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	16,998.59	1,12,359.69	777.07	911.77	466.95	1,31,514.07	80.11	15,999.93	917.24	1,48,511.35
b Impairment											
As at April 01, 2019	-	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	28.89	28.89	-	-	-	28.89
As at March 31, 2020	-	8,001.65	3,02,120.12	153.08	143.01	55.59	3,10,473.45	-	25,129.76	9,813.07	3,45,416.28
III Net Carrying Amount as at March 31, 2020	49,073.00	30,136.88	1,07,398.63	41.45	40.67	115.65	1,86,806.28	2,122.90	7,319.09	-	1,96,248.27
Previous Financial Year											
I Gross Carrying Amount											
As at April 01, 2018	49,073.00	55,137.12	5,21,871.05	971.60	1,090.95	638.19	6,28,781.91	-	48,448.78	10,730.31	6,87,961.00
Additions during the year	-	-	7.39	-	4.70	-	12.09	-	-	-	12.09
Deductions	-	-	-	-	0.20	-	0.20	-	-	-	0.20
As at March 31, 2019	49,073.00	55,137.12	5,21,878.44	971.60	1,095.45	638.19	6,28,793.80	-	48,448.78	10,730.31	6,87,972.89
II Accumulated Depreciation and Impairment											
a Accumulated Depreciation											
As at April 01, 2018	-	14,120.28	1,01,954.25	744.28	884.13	407.60	1,18,110.54	-	15,249.87	917.16	1,34,277.57
Additions during the year	-	1,453.30	5,075.75	20.99	18.99	36.99	6,606.02	-	443.41	0.08	7,049.51
Deductions	-	-	-	-	4.57	6.35	10.92	-	-	-	10.92
As at March 31, 2019	-	15,573.58	1,07,030.00	765.27	898.55	438.24	1,24,705.64	-	15,693.28	917.24	1,41,316.16
b Impairment											
As at April 01, 2018	-	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	8,001.65	3,02,120.12	153.08	143.01	84.48	3,10,502.34	-	25,129.76	9,813.07	3,45,445.17
III Net Carrying Amount as at 31.03.2019	49,073.00	31,561.89	1,12,728.32	53.25	53.89	115.47	1,93,585.82	-	7,625.74	-	2,01,211.56

* Other than Internally Generated.

B Capital Work in Progress

	2019 - 2020	2018 - 2019
	3,669.00	10,277.21

2.1 The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. Further, additions include recognition of leasing arrangement towards Land as Right-of-use Assets of Rs 2,03,01 Lakhs and a Lease Liability of Rs 2,03,01 Lakhs as at April 1, 2019. The impact on the profit for the year is not material.

2.2 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 16 and 19 to the financial statements.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

2.3 Capital Work in Progress (net of impairment) includes:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
- Assets under construction and installation	3,669.00	10,277.21
- Preoperative expenses	-	-

2.4 Details of Preoperative expenses are as under:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	-	2,22,839.77
Less :		
Redemption Premium	-	(9,395.08)
Allocated to Inventory	-	482.45
Impairment of Preoperative Expenses (Refer Note 2.5)	-	2,31,752.40
Closing Balance	-	-

2.5 Impairment of Property Plant & Equipment, Intangible Assets and Capital Work in Progress:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Property Plant & Equipment	-	3,35,632.10
Intangible Assets	-	9,813.07
Capital Work in Progress	6,608.21	4,88,399.13
	6,608.21	8,33,844.30

In accordance with the Ind AS 36 on "Impairment of Assets", Property, plant and equipment (including capital work-in-progress) were tested for impairment during the year where indicators of impairment existed. During the year ended March 31, 2019, the Company has recognised an impairment charge of ₹ 813,289.04 Lakhs (2017-18: Nil) including capital work in progress, wherein progress has been slow over the years due to certain hindrances mainly related to cash flows. The impairment recognised is included under exceptional items in the statement of profit and loss. The Impairment indicators witnessed by the management are Declining Net Worth of the Company on Consistent Basis for more than 5 Years, Company is operating at less than 50% of its existing production capacity, Internal Reporting clearly indicates that net cash flows are significantly declined which resulted in budgeted loss and operating loss. For the last few years there is downward trend in receipt of new orders for the shipbuilding from Government of India which clearly states that defence sector is in lump for quite a longer time now which has large impact on business of company. Above factors clearly indicate that there is the Significant Change in Market, Economic and Legal Environment which has adverse impact on Group. Further, one of the Bankers has carried out Fair Valuation of Assets of the Company during the year with the help of Independent Technical Valuer as on April 1, 2018. However the report for the same was submitted to Group in the later part of the year. On the basis of above indicators and review carried out by the Management, there was impairment loss on Fixed Assets during the year which has been accounted separately in Profit & Loss Account to keep in line with report from Technical Valuer. The above mentioned impairment loss of Property plant and equipment (including Capital Work in Progress) is recommended by mandated committee of directors after reviewing the report from independent expert. The mandated committee was formulated by Board of Directors in 2017-18 to carry out the in-depth analysis to arrive at workable solution for the business restructuring of the Company, taking the help of the experts wherever required.

Notes to Consolidated Financial Statements

Note - 3

Investments

Particulars	% of holding	Face Value	Numbers		₹ in Lakhs	
			As at March		As at March	
			31-Mar-20	31-Mar-19	31, 2020	31, 2019
Long Term Trade Investments (Unquoted and fully paid up) – Financial Assets measured at cost						
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50.00%	10	1,40,000	1,40,000	14.00	-
					14.00	-
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	10	1,12,200	1,12,200	324.03	310.19
			1,12,200	1,12,200	324.03	310.19
Long Term Trade Investment in 0% Non Convertible Non Secured Bonds of the Corporates						
Avocado Reality Private Limited		1,00,000	6,173	6,173	6,173.00	6,173.00
Budding Merchantile Company Private Limited		1,00,000	6,545	6,545	6,545.00	6,545.00
Replinish Reality Private Limited		1,00,000	4,500	4,500	4,500.00	4,500.00
Slimline Reality Private Limited		1,00,000	5,300	5,300	5,300.00	5,300.00
Winsome Reality Private Limited		1,00,000	7,450	7,450	7,450.00	7,450.00
			29,968	29,968	29,968.00	29,968.00
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)					0.05	0.05
					0.05	0.05
Less - Impairment of Investment (Refer Note 3.4)						
					14.05	0.05
					0.05	0.05
Total					30,292.03	30,278.19

3.1 Refer note no. 1(g)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

Particulars	₹ in Lakhs			
	As at March 31, 2020		As at March 31, 2019	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	30,292.03	-	30,278.19	-
Total	30,292.03	-	30,278.19	-

3.3 The above bonds carry redemption premium of 40%, payable at the time of redemption i.e. 5 years from the date of allotment July 26, 2014. redemption premium has been accounted considering effective rate of return i.e. 6.96% P.A. RMOL has invested in bonds of above companies, who are in control of about 214 acres of land at Jhansi, Uttar Pradesh. The Company intends to use this land for manufacture and repairs in course of its business activities.

3.4 Company has taken impairment loss in investments during the year on conservative basis considering the future recoverability of amount as the same is long due from sales tax department.

3.5 During the year Reliance Underwater Systems Private Limited (RUSPL) issued new equity of total nos 1,39,999 to Reliance Capital Limited. With the said event holding in RUSPL reduced to 50% and it ceased to be a subsidiary of the Company during the year.

3.6 During the year, RMOL Engineering and Offshore Limited, a wholly owned subsidiary of the Company has been admitted for CIRP by the NCLT, Ahmedabad Bench and appointed Interim Resolution Professional (IRP). Further IRP appointed as Resolution Professional. Further financials of RMOL Engineering and Offshore Limited is management certified and signed by RP.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

3.7 During the year, application has been 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. The application is yet to be admitted.

Note - 4

Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Banks held as Margin Money	-	3,440.27
Total	-	3,440.27

Note - 5

Deferred Tax Liabilities/(Assets) (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	(1,20,081.84)	(34,492.93)
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	6,637.80	15,890.34
Disallowance in income tax	-	(39,922.83)
Business losses	(5,071.42)	(62,693.59)
Fair Valuation of Financials Liability	101.90	1,142.54
	1,668.28	(85,583.54)
Other Comprehensive Income		
Related to Employee benefits	-	(5.37)
Deferred tax not to be considered (refer note no. 5.2)	1,18,413.56	1,20,081.84
Closing Balance	-	-

5.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Group has incurred loss during the year ended March 31, 2020 and previous year, no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence not given.

5.2 The Group 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.

Note - 6

Other Non Current Assets (Unsecured and considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits with Others	627.91	591.70
Total	627.91	591.70

Note - 7

Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	39,410.62	53,366.67
Raw Materials in Transit	13.37	-
Work in Progress	9,192.45	7,842.36
Stores and Spares	874.37	961.13
Scrap	-	46.46
Total	49,490.81	62,216.62

Notes to Consolidated Financial Statements

7.1 Refer note No. 1(g)(VI) for basis of valuation.

7.2 All the Inventories of the group are either mortgaged or hypothecated against the secured borrowings of the Group as detailed in note no. 15 and 18 to the financial statements.

7.3 An amount of ₹ 11,015.46 lakhs (Previous Year ₹ 1,776.33 lakhs) has been provided during the year on account of Provision in Diminution in the value of inventories.

Note - 8

Trade Receivables

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Trade Receivables Considered Good - Secured	290.49	555.17
Trade Receivables Credit Impaired	<u>88,094.79</u>	<u>87,234.55</u>
	88,385.28	87,789.72
Less: Provision for Credit Impaired	<u>88,094.79</u>	<u>87,234.55</u>
	290.49	555.17
Total	<u>290.49</u>	<u>555.17</u>

8.1 Trade Receivables are non - interest bearing and receivable in normal operating cycle.

Note - 9

Cash and Cash Equivalents

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Balances with Banks in Current Accounts	1,563.90	5,019.22
Cash on hand	0.16	11.47
Total	<u>1,564.06</u>	<u>5,030.69</u>

Note - 10

Other Bank Balances

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Banks held as Margin Money	29.14	572.57
Total	<u>29.14</u>	<u>572.57</u>

Note - 11

**Other Current Financial Assets
(Unsecured & considered good)**

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Interest Receivable	0.87	82.23
Total	<u>0.87</u>	<u>82.23</u>

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 12

Other Current Assets (Unsecured & considered good)

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Security Deposits	1,392.35	1,395.13
Prepaid Expenses	10.61	156.90
Goods and Service Tax / Cenvat / VAT recoverable	948.13	1,292.52
Advance against purchase of material / services	14,463.94	11,665.35
Shipbuilding Contracts Receivables	1,73,959.62	83,862.84
Other Advances	0.33	-
Total	1,90,774.98	98,372.74

12.1 Shipbuilding Contract Receivables includes bank guarantees invoked by Ministry of Defence amounting to ₹ 93,739.15 lakhs.

Note - 13

Share Capital

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Authorised		
11,000,000,000 (Previous Year: 11,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	11,00,000.00
4,000,000,000 (Previous Year: 4,000,000,000) Preference Shares of ₹ 10/- each	4,00,000.00	4,00,000.00
	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
737,591,263 (Previous Year: 737,591,263) Equity Shares of ₹ 10/- each fully paid up	73,759.13	73,759.13
Total	73,759.13	73,759.13

13.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year

Particulars	₹ in Lakhs			
	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13
Add: Issued during the year on part conversion of debts	-	-	-	-
Equity Shares at the end of the year	73,75,91,263	73,759.13	73,75,91,263	73,759.13

13.2 Shareholders holding more than 5% Shares in the Company

Shares held by	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Reliance Defence Systems Private Limited	18,61,03,025	25.23%	22,01,03,025	29.84%
Vistra ITCL India Limited (on behalf of lenders)	14,51,04,995	19.67%	14,51,04,994	19.67%
Life Insurance Corporation of India	5,84,65,899	7.93%	5,84,65,899	7.93%
IL and FS Maritime Infrastructure Company Limited*	3,63,49,464	4.93%	5,31,10,674	7.20%
IL and FS Financial Services Limited*	3,67,08,395	4.98%	4,30,34,213	5.83%

* Less than 5% as at March 31, 2020

Notes to Consolidated Financial Statements

13.3 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity share holders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders

Note - 14

Other Equity

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Capital Reserve		
Opening Balance	6,254.96	6,254.96
Additions during the year	-	-
	<u>6,254.96</u>	6,254.96
Securities Premium Account		
Opening Balance	1,50,011.33	1,50,011.33
Add :- On Issue of Shares	-	-
	<u>1,50,011.33</u>	1,50,011.33
Other Reserve		
Opening Balance	64,527.97	64,527.97
Additions during the year	-	-
	<u>64,527.97</u>	64,527.97
Retained Earnings		
Opening Balance	(13,36,783.83)	(2,50,302.45)
Add:- Profit(loss) for the year as per profit or loss statement	<u>(1,75,609.12)</u>	<u>(10,86,481.38)</u>
	(15,12,392.95)	(13,36,783.83)
Other Comprehensive Income		
Opening Balance	81.30	93.26
Add: Movement During the year (net)	<u>6.59</u>	<u>(11.96)</u>
	87.89	81.30
	<u>(12,91,510.80)</u>	<u>(11,15,908.27)</u>

Nature and Purpose of Reserves :

Capital Reserve: This Reserve was created at the time of forfeiture of amounts received against convertible share warrants in the financial year 2011 - 12. It shall be utilised in accordance with the provisions of the Companies Act, 2013 (the Act), therefore not available for distribution of dividend.

Securities Premium Account: This Reserve was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Act.

Other Reserves: Other Reserve was created pursuant to first time adoption of Ind AS as at April 01, 2015. and not available for distribution as dividend.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 15

Borrowings

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Preference Shares		
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up	1,134.39	1,045.67
Secured Loans		
36 (Previous Year: NIL) 13.75% Secured Non Convertible Debentures of ₹ 13,986,860 each (refer note No 15.2)	2,500.00	5,000.00
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹ 100 each (refer note No 15.3)	21,917.68	21,700.91
	<u>24,417.68</u>	26,700.91
Vehicle Loans	-	15.44
Total	<u>25,552.07</u>	<u>27,762.02</u>

15.1 Compulsorily Redeemable Preference Shares

- 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company.
- As at March 31, 2020 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).
- Reconciliation of Preference Shares outstanding at the beginning and at the end of the year

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Shares at the beginning of the year	4,22,45,764	4,224.58	4,22,45,764	4,224.58
Add: Shares Issued during the year on preferential basis *	-	-	-	-
Shares at the end of the year	<u>4,22,45,764</u>	<u>4,224.58</u>	<u>4,22,45,764</u>	<u>4,224.58</u>

* Accounted on Fair Value. Refer note no 35

Notes to Consolidated Financial Statements

15.2 13.75% Secured Non-Convertible Debentures

- i) 13.75% Secured Non Convertible Debentures (NCDs) carry Coupon rate of 13.75% payable quarterly.
- ii) The obligation under these NCDs are repayable in four equal instalments at the end of 30 months, 36 months, 42 months and 48 months from the date of issue i.e October 6, 2017
- iii) The NCDs are secured by first charge and mortgage
 - a On the parcel of land covering survey no. 735 P-2 situated at Village Rampara - II, Taluka- Rajula, District - Amreli in the State of Gujarat together with all buildings, structures, furnitures and fittings or anything permanently erected/attached/installed or to be erected/installed.
 - b On the parcel of land admeasuring 27.48 hectare situated at Vilage Chhanje, Taluka Uran and District Raigarh in the state of Maharashtra belonging to Other Corporates
- iv) ECPL was required to provide Debenture Redemption Reserve (DRR) of ₹ 469.62 lakhs upto March 31, 2019 in terms of the Trust Deed executed and the provisions of the Companies Act 2013. In the absence of profits available, no provision for DRR is made in the books of account as at March 31, 2020. The requisite provisions will be made out of the profits available in the future years.

15.3 Non Convertible Debentures (NCD):

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders have a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the year 2017-18, the Company had paid one time cost towards right of recompense payable through issuance of Non Convertible Debentures. Accordingly ₹ 16,239.65 lakhs was charged to Statement of Profit or Loss and shown as "Exceptional Items" and ₹ 7,989.09 lakhs had been capitalised as borrowing cost in previous year. Other terms and conditions are given below:

These NCDs having coupon rate of 9.50% and Face value of ₹ 100 each are repayable in 49 quarterly structured instalments commencing from March 2019 and ending on March 2031. Considering the above, and in the expectation that all lenders will issue their respective letters sanctioning the Refinancing Scheme, the Company in complete good faith issued and allotted, during the year 2017-18, the Non Convertible Debentures (NCDs) in lieu of amount payable to the lenders as compensation on account of the Right of Recompense (RoR). However, while the Company unilaterally and in good faith issued the said NCDs, the Refinancing Scheme could not be implemented on account of want of approvals from few Banks. Hence the consideration against issue of NCDs did not flow from the Lenders, as envisaged through the refinancing scheme and consequently the contract effectively does not survive. On account of failure of consideration as stated above, the steps taken by the Company towards issue of NCDs against RoR, being an integral part of the Refinancing Scheme, also do not survive and stands cancelled, void ab-initio and in-fructuous. The Company has also taken a legal opinion confirming the above. However pending recording of cancellation of NCDs, the Company continues to show such NCDs in the books of account, even though the same is not payable, for the reasons explained above.

The NCDs are to be secured by way of first *pari passu* charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future, second *pari-passu* charge on all current assets and first *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited.

Since NCD's are infructuous in nature itself, thereby no provision is required to be created for Debenture Redemption Reserve.

- 15.4** The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA.

15.5 Secured Term loans of ₹ 585,204.44 lakhs are secured as under: (including ₹ 558,503.53 lakhs being part of current maturities of long term debt in note no. 20)

- i) first *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second *pari passu* charge by way of hypothecation of all the current assets (including all receivables and inventories), both present and future.
- ii) first *pari passu* charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
- iii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.
- iv) by way of pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

- 15.6** During the previous year 1,160,405,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 22,449,494 equity shares of the Company held by Grevek Investments and Finance Private Limited (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL), which were pledged as security to the CDR lenders have been invoked by the lenders. Pending the sale proceeds of the securities by the security trustee, no accounting effect has been given as at March 31, 2019.
- 15.7** Vehicle Loans referred to above including ₹ 54.79 lakhs being part of current maturities of long term debts in note no. 20 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated instalments (including interest) as per repayment schedule starting from July 01, 2012 to October 18, 2020.
- 15.8** Unsecured Rupee Term Loan from Financial Institution and Body Corporates including ₹11.374.87 lakhs included in current maturities of long term debts in note no. 20 are secured as under:
- ₹ 11,374.87 lakhs by way of pledge of 8,537,000 shares of SKIL Infrastructure Limited and Non Disposable Agreement along with irrevocable power of attorney for creating of charge on 50,00,000 shares of SKIL Infrastructure Limited 70,00,000 shares of Reliance Naval and Engineering Limited and 8,00,000 shares of Everon Limited. The loan is further secured by land owned by Other Corporates in Navi Mumbai admeasuring about 4.02 acres mortgaged and Land parcel owned by other corporates in Jhansi, Uttar Pradesh admeasuring about 35.79 acres.
 - ₹ 4,278.06 lakhs by way of first charge of mortgage on property situated at Plot No. 95/1, Oomer Park, Bhulabhai Desai Road, Mumbai 400026, admeasuring 7758 Sq feet, property bearing survey numbers 96, 102, 105 and 113 total admeasuring 5-50-00 hectares, situated at Village Belowade (B), Taluka Pen, District Raigad, Maharashtra belongings to other corporates, pledge of 23,26,087 fully paid up equity shares of the Company, 1,17,77,880 fully paid up equity shares of SKIL Infrastructure Limited, 3,85,628 shares of Montana Infrastructure Limited and 1,950 units of Urban Infrastructure Opportunities Fund.
- 15.9** The Company has overdue of ₹ 1,30,71,23.83 lakhs included in current maturities of long term debts in note no 20 and interest accrued and due in note no 20 (Previous Year: ₹ 6,73,220.23 lakhs) as detailed below:

₹ in Lakhs			
Sr. no	Name of Lender	Amount of Default Less than 90 Days	Amount of Default More than 90 Days
01	Bank of India	-	15,063.76
02	Bank of Maharashtra	-	10,427.56
03	Central Bank of India	-	61,600.20
04	Corporation Bank	-	31,535.16
05	Dena Bank	-	8,910.94
06	ECL Finance	-	6,240.10
07	EXIM Bank	-	56,270.69
08	HUDCO	-	20,803.49
09	IDBI Bank Ltd	-	1,00,005.60
10	IFCI Ltd	968.02	48,193.19
11	IIFC UK	-	29,193.51
12	IL & FS	-	805.46
13	J&K Bank	-	31,045.30
14	Karnataka Bank	-	3,898.40
15	Karur Vysya Bank	-	4,230.46
16	LIC of India	-	10,351.10
17	Oriental Bank of Commerce	-	15,232.98
18	Punjab & Sind Bank	-	2,711.58
19	Punjab National Bank	-	38,766.63
20	Religare Fininvest Limited	313.28	7,588.31
21	State Bank of India	-	36,753.96
22	State Bank of Mysore	-	908.44
23	State Bank of Patiala	-	38,736.11
24	UCO Bank	-	22,313.49
25	Union Bank Of India	-	1,23,693.46
26	United Bank of India	-	14,192.90
27	Vijaya Bank	-	9,755.27

Notes to Consolidated Financial Statements

Note - 16

Provisions

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits (refer note no 27.1)	87.33	204.26
Total	87.33	204.26

Note - 17

Other Non Current Liabilities

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Advances from Customers	-	5,624.21
Interest Accrued but not due on borrowings	3,621.35	-
Total	3,621.35	5,624.21

Note - 18

Short Term Borrowings

	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	3,33,644.66	2,26,663.88
Unsecured Loans from:		
Banks	25,641.76	15,295.85
Related Party (refer note no 38)	23,553.45	23,551.33
Body Corporates	3,26,696.41	3,26,134.39
	3,75,891.62	3,64,981.57
Total	7,09,536.28	5,91,645.45

18.1 The above working capital loans from banks secured by way of

- i) First *pari passu* charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- ii) Second *pari passu* charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- iii) Second *pari passu* charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

18.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 21,709,327 equity shares of E Complex Private Limited held by the Company.

18.3 During the previous year the lenders bank have recalled all the loans and have invoked 14.51 Crores equity shares of the Group pledged with lenders and guarantees available with them. As at March 31, 2020, the Company has overdue of ₹ 3,59,286.42 lakhs (Previous Year: ₹ 241,788.75 lakhs) as detailed below:

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

₹ in Lakhs

Sr. no	Name of Lender	Amount of Default Less than 90 Days	Amount of Default More than 90 Days
01	Bank Of India	320.11	23,596.32
02	Central Bank Of India	81.43	3,866.28
03	Coporation Bank	-	766.00
04	Dena Bank	5,479.10	28,276.36
05	Exim Bank	980.44	21,060.19
06	IDBI Bank	3,316.79	28,362.05
07	Oriental Bank Of Commerce	18,835.22	18,132.25
08	Punjab And Sind Bank	469.81	17,166.95
09	Punjab National Bank	6,054.43	13,381.25
10	State Bank of India	14,158.60	30,886.57
11	State Bank Of Mysore	12,735.22	2,238.73
12	State Bank Of Patiala	16,949.52	5,142.99
13	UCO Bank	368.03	20,734.22
14	Union Bank Of India	163.78	13,091.17
15	United Bank Of India	20,665.41	17,825.77
16	Vijaya Bank	406.82	13,774.61

Note - 19

Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Micro and Small Enterprises	753.84	851.80
Others	29,706.56	27,693.45
Total	30,460.40	28,545.25

19.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid	753.84	851.80
Interest due thereon	773.21	769.29
Interest paid by the Company in terms of Section 16 along with principal payments made	-	45.83
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	773.21	769.29
Interest remaining due and payable even in succeeding years	773.21	769.29

19.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

Notes to Consolidated Financial Statements

Note - 20

Other Current Financial Liabilities

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debts	5,54,888.60	5,58,553.01
Interest accrued and due on borrowings	2,87,355.14	4,208.60
Interest accrued but not due on borrowings	28,312.56	1,502.96
Lease Liability	505.49	-
Finance Guarantee Obligation	-	1,78,930.35
Creditors for Capital Goods	4,214.51	14,826.13
Statutory Dues	1,884.91	-
Other Payables *	5,704.21	-
	-	3,847.32
Total	8,82,865.42	7,61,868.37

* Includes mainly amount payables to employees and provision for expenses.

Note - 21

Other Current Liabilities

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Advances from Customers	4,064.83	5,992.63
Total	4,064.83	5,992.63

Note - 22

Current Provisions

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
For employee benefits (refer note no 27.1)	232.79	111.53
For Expenses	12.22	6.25
Other Provisions (refer note no 22.1)	34,265.76	35,020.66
Total	34,510.77	35,138.44

22.1 The Company has recognised liabilities based on substantial degree of estimation for provision for liquidated damages, warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

Particulars	₹ in Lakhs			
	Provision for Liquidated Damages	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2019	9,024.61	176.37	201.70	25,617.98
Add: Provision made for the year ended March 31, 2020	0.01	-	1,755.11	-
Less: Amount Incurred and charged against the opening balance	-	-	-	2,510.02
Balance as at March 31, 2020	9,024.62	176.37	1,956.81	23,107.96

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 23

Revenue from Operations

	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Ship Building	5,152.80	13,017.26
Repairs and Fabrication	1,403.46	1,775.97
Sale of Surplus Material	985.04	3,123.50
Other Operating Revenue		
Sale of Scraps	<u>7.78</u>	<u>83.62</u>
	7,549.08	18,000.35
Total	<u>7,549.08</u>	<u>18,000.35</u>

Refer note no 42 for Disclosure as required by Ind AS 115 - Revenue from Contracts with Customers.

Note - 24

Other Income

	₹ in Lakhs	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	176.94	454.01
Dividend on Current Investments / from Associates	-	2.55
Subsidy Received	905.30	-
Miscellaneous Income	1,289.74	9.08
Total	<u>2,371.98</u>	<u>465.64</u>

Note - 25

Cost of Materials Consumed

	₹ in Lakhs	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Steel Plates and Profiles	207.11	469.56
Equipment and Components	3,045.04	17,391.80
Total	<u>3,252.15</u>	<u>17,861.36</u>

Note - 26

Changes in Inventories of Work - in - Progress and Scrap

	₹ in Lakhs	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
At the end of the year		
Scrap	-	46.46
Work in progress	<u>9,192.45</u>	<u>7,842.36</u>
	9,192.45	7,888.82
Less :- At the beginning of the year		
Scrap	46.46	46.46
Work in progress	<u>7,842.36</u>	<u>747.84</u>
	7,888.82	794.30
Changes in Inventories	<u>(1,303.63)</u>	<u>(7,094.52)</u>

Notes to Consolidated Financial Statements

Note - 27
Employee Benefits Expenses

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Wages and Allowances	1,946.78	2,317.14
Contribution to Provident and Other Funds	87.81	102.19
Staff Welfare Expenses	19.02	31.26
Total	2,053.61	2,450.59

27.1 Employee Benefits

As per Ind AS 19 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Employers Contribution to Provident Fund	54.79	68.95
Employers Contribution to Pension Fund	33.02	33.24
Total	87.81	102.19

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Group has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Gratuity (Funded)

i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Defined Benefit Obligation at beginning of the year	218.83	235.85
Current Service Cost	27.38	36.14
Past Service Cost	-	-
Current Interest Cost	15.99	14.77
Actuarial (Gain) / Loss	(6.59)	17.12
Benefits paid / reversed	(75.75)	(85.05)
Defined Benefit Obligation at end of the year	179.86	218.83

ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the beginning of the year	92.16	86.13
Expected Return on Plan Assets	7.04	6.24
Actuarial Gain / (Loss)	-	(0.21)
Fair Value of the Assets at the end of the year	99.20	92.16

iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the end of the year	99.20	92.16
Present Value of Defined Benefit Obligation at end of the year	179.86	218.83
Liabilities / (Assets) recognised in the Balance Sheet	80.66	126.67

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

iv) Expenses recognised during the year

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Current & Past Service Cost	27.38	36.14
Interest Cost	15.99	14.77
Expected Return on Plan Assets	(7.04)	(6.24)
Net Cost Recognised in profit or loss	36.33	44.67
Actuarial (Gain) / Loss recognised in other comprehensive income	(6.59)	17.33

v) Assumptions used to determine the defined benefit obligations:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Mortality Table (LIC)	(2006 - 08 ultimate)	
Discount Rate (p.a.)	6.33%	7.64%
Estimated Rate of Return on Plan Asset	6.33%	7.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

vi) Sensitivity Analysis:

Particulars	Changes in assumptions		Effect on Gratuity Obligation Increase/(Decrease)	
	2019 - 2020	2018 - 2019	2019 - 2020	2018 - 2019
	Discount Rate	1.00%	1.00%	28.41
Salary Growth Rate	1.00%	1.00%	25.69	23.54
Estimated Rate of Return on Plan Asset	0.00%	0.00%	-	-

The above sensitivity analysis is based on an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the Balance Sheet.

vii) Risk Exposure :

- Investment Risk: The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.
- Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investment.
- Liquidity Risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

viii) **Details of Asset-Liability Matching Strategy:** Gratuity benefits liabilities of the Group are funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Group to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Notes to Consolidated Financial Statements

ix) The expected payments towards the gratuity in future years:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
0 to 1 Year	53.35	81.75
2-5 Years	81.22	82.77
More than 5 Years	110.23	70.19

The average duration of the defined benefit plan obligation at the end of reporting period is 8 years (Previous Year: 8 years).

b) Leave Encashment (Unfunded)

i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation:

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Defined Benefit Obligation at beginning of the year	189.17	197.33
Current & Past Service Cost	18.18	16.34
Current Interest Cost	11.92	12.50
Actuarial (Gain) / Loss	(66.99)	30.93
Benefits paid/Reversed	(45.27)	(67.93)
Defined Benefit Obligation at end of the year	107.01	189.17

ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Fair Value of Plan Assets at the end of the year	-	-
Present Value of Defined Benefit Obligation at end of the year	107.01	189.17
Liabilities / (Assets) recognised in the Balance Sheet	107.01	189.17

iii) Expenses recognised during the year

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Current & Past Service Cost	18.18	16.34
Interest Cost	11.92	12.50
Net Cost Recognised in statement of profit or loss	30.10	28.84
Actuarial (Gain) / Loss recognised in other comprehensive income	(66.99)	30.93

iv) Assumptions used to determine the defined benefit obligations

Particulars	₹ in Lakhs	
	2019 - 2020	2018 - 2019
Mortality Table	(2012-14 ultimate)	
Discount Rate (p.a.)	0.06	0.08
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	0.07	0.07

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

Note - 28

Finance Costs

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expenses	1,46,822.59	1,35,690.40
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	63.88	1,134.69
Total	1,46,886.47	1,36,825.09

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 29

Other Expenses

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumables, Stores and Spares	518.16	1,134.96
Power, Fuel and Water	1,144.26	1,374.08
Repairs and Maintenance	454.51	494.04
Labour / Fabrication and Subcontractor Charges	2,600.32	2,045.32
Equipment Hire Charges	383.36	348.95
Rent	159.96	284.40
Testing and Inspection Charges	3.80	216.66
Design, Drawing and Construction Support Fees	103.54	79.20
Insurance	199.60	572.94
Cost Estimated for Revenue Recognised	(2,510.02)	(12,073.57)
Provision for Estimated Cost Over Contract Revenue	1,755.12	(284.98)
Rates and Taxes	5.13	4.20
Communication Expenses	30.81	50.81
Travelling, Conveyance and Vehicle Hire Charges	317.06	298.08
Legal and Professional Charges	736.35	570.59
Foreign Exchange Difference (net)	2,616.01	1,740.33
Payment to Auditors	50.00	50.57
Advertising, Publicity and Selling Expenses	11.07	19.37
Provision for Liquidated Damages	160.70	530.41
Provision for Non-Moving Inventory	11,015.46	1,776.33
Impairment of Investments in Subsidiaries & Others	-	0.05
Loss on Sale/ Discard of Plant, property and equipments (net)	-	3.57
Balances Written off (net)	831.20	9,178.84
Miscellaneous Expenses	214.95	212.22
Total	20,801.35	8,627.37

30.1 Payment to Auditors includes:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	50.00	50.00
Certification Charges	1.00	0.57
Total	51.00	50.57

Notes - 30

Exceptional Items

Exceptional items for the year ended March 31, 2020 consist of impairment of Capital Work in Progress amounting ₹ 6,608.21 lakhs. For the previous year ended March 31, 2019 exceptional items includes impairment of Property Plant & Equipment and Capital Work in Progress of ₹ 783,303.77 lakhs, Trade Receivables of ₹ 75,325.62 lakhs and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of ₹ 16,032.11 lakhs.

Notes to Consolidated Financial Statements

Notes - 31

Earnings Per Share (Basic and Diluted)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Loss attributable to the Equity Shareholders		(1,76,067.73)	(10,92,667.10)
Amount available for calculation of Basic and Diluted EPS	(a)	(1,76,067.73)	(10,92,667.10)
Weighted Average No. of Equity Shares outstanding for Basic and diluted EPS	(b)	737,591,263	737,591,263
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	(23.87)	(148.14)

Note - 32

Contingent Liabilities and Commitments

32.1 Contingent Liabilities

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

		₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019
a)	Guarantees given by Company's Bankers	15,190.11	103,639.96
	i) Refund Bank Guarantees given to customers (net of liabilities accounted for)	672.96	972.96
	ii) Other Bank Guarantees (Bank Guarantees are provided under contractual/ legal obligations.)		
b)	Demands not acknowledged as Debts (net)		
	i) Income Tax Majorly the tax demand due to disallowances by the Income tax department and Interest	201.55	74.54
	ii) Service Tax, Excise Duty and Sales Tax Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.	3,939.92	3,939.92
	iii) Third Party Claims The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.	15,563.28	12,649.89
c)	Letters of Credit opened in favour of suppliers (Cash Outflow is expected on receipt of materials from suppliers)	-	161.09

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

32.2 Commitments

			₹ in Lakhs	
Sr. No.	Particulars	2019 - 2020	2018 - 2019	
1	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	1,279.00	1,279.00	
2	Other Commitments (for investment in the Associates and Joint Venture)	802.24	802.24	

32.3 On September 20, 2012, the Revenue Department ordered the Collector, Dist. Amreli to send a proposal to the Government of Gujarat ('GOG') for raising a demand for payment of 100% premium on the land admeasuring approximately 451 acres granted to the E Complex Private Limited (ECPL), (formerly known as Metdist Industries Private Limited) for industrial purpose alleging that there is transfer of land / change of ownership of land on account change in shareholding pattern, directorships and change of name of ECPL, change of user and for failure to complete the project within the specified period of three years. ECPL has filed the Writ Petition asserting that the legal entity to which the land of allotted is the same and as such there is no transfer of land. Further, the land was allotted for Industrial purpose and being used for industrial purpose, as such there is no change of user. As per principle of proportionality, for minor irregularities harsh action like demand for 100% premium cannot be initiated. The matter is pending before Gujarat High Court. The Company has also filed representation to Government of Gujarat in regard to payment of premium and the same is pending.

Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 73,400 lakhs (Previous Year: ₹ 73,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc., a General Bond in favour of the President of India for a sum of ₹ 15,300 lakhs (Previous Year : ₹ 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350.00 lakhs (Previous Year: 1,350.00 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

The Company had received Twenty One show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to alleged wrong availment of Cenvat/Customs Duty/ Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/ documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 34

Going Concern

Financial statements of the Company for the year ended March 31, 2020 have been taken on record by the RP while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP. Hence the financial statements for the year ended March 31, 2020 have been prepared on going concern assumptions. The RP took charge of the Company on May 5, 2020 and authorized the Key Management Personnel (KMP's) to continue with their respective roles and charges as per their original work allocation.

Note - 35

Fair Value Measurements

The fair value of the financial assets and liabilities are included at the amount that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price and financial instruments like Mutual Funds for which NAV is published by the Mutual Fund Operator. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and Mutual Fund are valued using the Closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2. Instruments in the level 2 category for the Company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in this level. Instruments in level 3 category for the Company include unquoted equity shares and FCCDs, unquoted units of mutual funds and unquoted units of venture capital funds.

The carrying amount of all other Financial Assets is reasonably approximate to its fair value.

Notes to Consolidated Financial Statements

Financial Liabilities

The Preference shares are classified as a financial liability. The liability in case of Preference Shares and Non Convertible Debentures are initially recognised on fair value and the difference between fair value and transaction price is considered as Other Income. Subsequently the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised as other income on the transaction date and subsequent impact are recognised as finance cost in the Statement of Profit and Loss.

The carrying amount of all other Financial Liabilities is reasonably approximate to its fair value. The fair values disclosed above are based on discounted cash flows using current borrowing rate. These are classified at level 2 fair values in the fair value hierarchy due to the use of observable inputs.

During the years mentioned above, there have been no transfers amongst the levels of the hierarchy.

Valuation process

The Company evaluates the fair value of the financial assets and financial liabilities on periodic basis using the best and most relevant data available. Also the Company internally evaluates the valuation process periodically.

Note - 36

Segment Reporting

Segment information as per Ind AS - 108 on Operating Segment :

I Information provided in respect of revenue items for the year ended March 31, 2020 and in respect of assets/liabilities as at March 31, 2020.

The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

II Information about Secondary Segment :

Geographical Segment :

Particulars	2019 - 2020	2018 - 2019
₹ in Lakhs		
Revenue by Geographical Segment		
Within India	7,549.08	17,821.42
Outside India	-	178.93
Total Revenue	7,549.08	18,000.35
Carrying Amount of Segment Assets		
Within India	4,74,003.69	4,13,889.54
Outside India	740.60	741.95
Total Assets	4,74,744.29	4,14,631.49
Capital Expenditure (net of impairment)		
Within India	-	12.09
Outside India	-	-

III Revenue from Major Customers :

Revenue from operations include ₹ 6,107.05 lakhs (Previous Year: ₹ 18,728.19 lakhs) from four customers (Previous Year: four customer) having more than 10% of the total revenue

B Segment Identification, Reportable Segments and definition of each segment:

i Primary / Secondary Segment Reporting Format:

The risk - return profile of the Group's business is determined predominantly by the nature of its products. Accordingly, the business segment constitute the Primary Segments for disclosure of segment information.

ii **Reportable Segments:**

Segments have been identified based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used.

iii **Segment Composition:**

Ship building and Fabrication includes shipbuilding, block manufacturing, ship and rig repairs, fabrication etc. at its SEZ and EOU units situated at Pipavav, Gujarat.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Trading includes steel trading activities.

Finance cost, Interest Income, Exchange Gain / Loss, current tax, deferred tax and expenditure incurred at corporate offices are not allocated to individual segment as the same are managed by the Group as a whole.

- iv Finance cost, Interest Income, Exchange Gain / Loss, current tax, deferred tax and expenditure incurred at corporate offices are not allocated to individual segment as the same are managed by the Group as a whole.

Note - 37

Related Party Disclosures

a) List of Related parties

1 Associates

Reliance Defence Systems Private Limited
Reliance Defence Limited
Reliance Infrastructure Limited
Conceptia Software Technologies Private Limited

2 Key Managerial Personnel

Mr. Debashis Bir (upto 31.03.2020)
Mr. Nikhil Jain (upto 01.09.2019)
Mr. Paresh Rathod (upto 16.08.2019)
Mr. Madan Pendse (w.e.f.: 31.07.2019)
Mr. Avinash Godse (w.e.f.: 10.08.2019)

b) Terms and Conditions of transactions with related parties

The transactions with related parties are at arm's length price and in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances, which is merely reimbursement of expenses. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

1 Transactions with related parties for the year ended March 31, 2020 (for the period which relationship exist)

Nature of transactions	Associates			Total
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	
	₹ in Lakhs			
Engineering and Design Fees	-	-	-	-
	(6.11)	(-)	(-)	(6.11)
Rent	-	145.62	-	145.62
	(-)	(118.76)	(-)	(118.76)
Interest Expenses on ICD	-	-	367.87	367.87
	(-)	(27,226.19)	(366.86)	(27,593.05)
Sale of Surplus Material	-	-	-	-
	(-)	(65.69)	(-)	(65.69)
Dividend Received	-	-	-	-
	(2.55)	(-)	(-)	(2.55)
Trade Payables	71.49	752.56	-	824.05
	(71.49)	(573.02)	(-)	(644.51)
Interest Accrued but not due	-	50,685.17	912.78	51,597.95
	(-)	(50,904.19)	(544.91)	(51,449.10)
Borrowings				
Balance as at April 1, 2018	-	-	2,934.91	2,934.91
	(-)	(1,87,450.35)	(2,934.91)	(1,90,385.26)
Received during the year	-	-	-	-
	(-)	(71,105.20)	(-)	(71,105.20)
Repaid during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Assigned to Third Party	-	-	-	-
	(-)	(2,58,555.55)	(-)	(2,58,555.55)
Balance as at March 31, 2020	-	-	2,934.91	2,934.91
	(-)	(-)	(2,934.91)	(2,934.91)

Notes to Consolidated Financial Statements

₹ in Lakhs

Nature of transactions	Associates			Total
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	
Non Current Investment				
Balance as at March 31, 2020	(310.19)	-	(-)	(-)
	(310.19)	(-)	(-)	(310.19)

Figures in brackets represents previous year's amounts.

2 Transactions with related parties for the year ended March 31, 2020. (for the period which relationship exist)

₹ in Lakhs

Nature of transactions	Key Managerial Persons			Total
	Mr. Nikhil Jain	Mr. Paresh Rathod	Mr. Avinash Godse	
Short Term Employee Benefits	25.00	17.30	8.48	157.50
	(48.02)	(39.85)	(-)	(158.65)
Post Employment Benefits	0.91	0.69	0.34	5.69
	(2.19)	(1.44)	(-)	(7.13)

Figures in brackets represents previous year's amounts.

* As the liability of gratuity and leave encashment is provided by Company as a whole and not for particular person, the same is not included in above figures.

c) Loan given and investment made covered u/s 186(4) of the Companies Act, 2013 are given under the respective head.

Note - 38

Operating Lease

Effective April 1, 2019, the Company has adopted Ind AS- 116 "Leases" under modified retrospective approach without adjustment of comparatives and has considered a Right of Use (ROU) Assets and corresponding lease liabilities of ₹ 2,303 Lakhs during the Year ended March 31, 2020. Due to transition, the nature of expenses in respect of non-cancellable operating lease has changed from lease rent to depreciation and finance costs for the ROU assets and lease liabilities respectively. This has resulted in increase in depreciation and amortization expense ₹ 80.11 Lakhs, finance costs of ₹ 280.88 Lakhs and decrease in infrastructure operations and maintenance cost of ₹181.14 Lakhs for the year ended March 31, 2020.

Future minimum Lease payments under non-cancellable operating lease:

₹ in Lakhs

Sr No.	Particulars	As at March 31, 2020
1	Depreciation charge for right-of-use assets	80.11
2	Interest expense on lease liabilities	280.88
3	Expense relating to short-term leases:	
	- Infra Operation & maintenance cost	181.14
	- Other Expenses	-
4	Total cash outflow for leases	-
5	Additions to right-of-use assets	2,203.01
6	Carrying amount of right-of-use assets	2,122.90
7	Carrying amount of lease liabilities	2,303.00

Maturity analysis of lease Payables on undiscounted basis

₹ in Lakhs

Sr No.	Particulars	As at March 31, 2020
1	Within one year	199.73
2	After one year but not later than five years	884.05
3	Later than five years	10,897.12
	Total	11,980.90

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 39

Financial Risk Management Objective and Policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Group's operations, projects under implementation and to provide guarantees to support its operations. The Group's principal financial assets include investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors, reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

I Interest rate exposure profile appended in the table below

Borrowings	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Floating Rate Loans	9,15,309.41	8,00,342.40
Fixed Rate Loans	3,74,667.54	3,76,386.63
Total	12,89,976.95	11,76,729.03

II Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

Risk Exposure	₹ in Lakhs			
	As at March 31, 2020		As at March 31, 2019	
Effect on profit/ (loss) before tax due to following change in interest rates	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	1,830.62	1,830.62	1,600.68	1,600.68

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency exposures

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Payables (A)	4,516.72	30,794.47
Trade and Other Receivables (B)	-	609.98
Net Exposure (A-B)	4,516.72	30,184.49

The advances to the vendors in foreign currency is not considered above.

Foreign Risk Sensitivity

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

Risk Exposure	₹ in Lakhs			
	As at March 31, 2020		As at March 31, 2019	
Effect on profit / (loss) before tax due to foreign exchange rate fluctuation	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
	225.84	225.84	1,509.22	1,509.22

Notes to Consolidated Financial Statements

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligation associated with its financial liabilities. The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of Bank Overdrafts, Letters of Credit and Working Capital Limits.

The below table summarizes the maturity profile of the Group's financial liability based on contractual undiscounted cash flows:

	₹ in Lakhs				
Liquidity Profile	Less than 1 year	1-3 Year	3-5 Year	More than 5 Year	Total
As at March 31, 2020*					
Non Current Borrowings	-	2,563.36	111.95	959.08	3,634.39
Current Borrowings	7,09,536.28	-	-	-	7,09,536.28
Other financial liabilities	8,82,865.42	-	-	-	8,82,865.42
Trade Payables	30,460.40	-	-	-	30,460.40
Total	16,22,862.10	2,563.36	111.95	959.08	16,26,496.49
As at March 31, 2019					
Non Current Borrowings	5,58,553.01	35,029.41	28,476.58	(35,743.97)	5,86,315.03
Current Borrowings	5,91,645.45	-	-	-	5,91,645.45
Other financial liabilities	2,03,315.36	-	-	-	2,03,315.36
Trade Payables	28,545.25	-	-	-	28,545.25
Total	13,82,059.07	35,029.41	28,476.58	(35,743.97)	14,09,821.09

* All the Payables are reflected as less than 1 year since all the lenders have recalled the loan

Note - 40

Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Capital Gearing Ratio

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Equity	73,759.13	73,759.13
Retained Earnings	(12,91,510.80)	(11,15,908.27)
Total (A)	(12,17,751.67)	(10,42,149.14)
Borrowing		
Non-Current	27,349.58	27,762.02
Current	12,64,424.88	11,50,198.46
Total (B)	12,91,774.46	11,77,960.48
Capital Gearing Ratio (B/A)	(1.06)	(1.13)

Note - 41

Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 15 and Note No 18 has been invoked by the banks.

Note - 42

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

Particulars	₹ in Lakhs	
	As at March 31, 2020	
Changes in contract liability are as follows:		
Balance at the beginning of the year		31,444.38
Provision recognised during the year		-
Cost incurred during the year		(754.90)
Balance at the end of the year		30,689.48
Changes in contract assets are as follows:		
Balance at the beginning of the year		43,568.44
Revenue Recognized during the year		6,436.33
Invoice Raised and Revenue Booked during the year		119.93
Impaired/ Write off/ Transferred to Inventory during the year		-
Receipts against invoice or advance settled against revenue		2,911.10
Balance at the end of the year		53,035.80
Reconciliation of revenue recognised with the contracted price is as follows:		
Contracted price		6,436.33
Reductions towards variable consideration components		(160.70)
Revenue recognised		6,275.63

The reduction towards variable consideration comprises of Liquidated Damages, which are shown separately in note no 29

Disclosure in respect of long term contracts under progress:

Sr No.	Particulars	₹ in Lakhs	
		For the year ended March 31, 2020	For the year ended March 31, 2019
a	The contract revenue recognised in the year	6,171.39	15,666.23
b	The aggregate amount of cost incurred and recognised in profits (less recognised losses) upto the end of year for all contracts in progress.	1,65,936.91	1,55,087.06
c	Amount of advance received from the customers for contracts in progress.	19,778.40	1,48,697.54

Notes to Consolidated Financial Statements

Note - 43
Additional Information, as required under Schedule III to the Companies Act, 2013 of the enterprises consolidate as subsidiary and associate

₹ in Lakhs

Name of the enterprise	Net Assets i.e. Total Assets minus Total Liabilities		Share in Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income
Parent								
Reliance Naval and Engineering Limited	(1,187,952.34)	97.55%	(162,132.70)	92.08%	6.59	100.00%	(162,126.11)	92.08%
Indian Subsidiaries								
E Complex Private Limited	(20,711.83)	1.70%	(5,504.02)	3.13%	-	-	(5,504.02)	3.13%
RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited) (RMOL)	(20,695.56)	1.70%	(6,066.50)	3.45%	-	-	(6,066.50)	3.45%
Reliance Technologies and Systems Private Limited	(0.88)	0.00%	(0.24)	0.00%	-	-	(0.24)	0.00%
REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd) (REDS)	(6,646.24)	0.55%	(2,809.21)	1.60%	-	-	(2,809.21)	1.60%
Foreign Subsidiary								
PDOC Pte. Ltd.	(47.35)	0.00%	(12.80)	0.01%	-	-	(12.80)	0.01%
Indian Associate (Investment as per the Equity Method)								
Conceptia Software Technologies Private Limited	324.03	-0.03%	13.84	-0.01%	-	-	13.84	-0.01%
Total Eliminations	17,978.50	-1.47%	437.31	-0.26%	-	-	437.31	-0.26%
Total	(1,217,751.67)	100.00%	(1,76,074.32)	100.00%	6.59	100.00%	(1,76,067.73)	100.00%

Reliance Naval and Engineering Limited

Notes to Consolidated Financial Statements

Note - 44

The Company had entered in to a Joint Venture agreement with Mazagon Dock Limited to form a joint venture in which Company participating interest will be 50%. Since the Company has not made any investment so far in the joint venture, the joint venture Company has not been considered for the purpose of Consolidation

Note - 45

The Group has outstanding borrowings from banks and financial institutions aggregating ₹ 11,61,587.94 Lakhs including interest thereon and bank balances (current account and term deposit) aggregating to ₹ 1,593.20 Lakhs, balance confirmation as at March 31, 2020 has not been received by the Group. During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. These claims are under verification and the RP is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020.

Note - 46

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 the shipbuilding contract receivables, Advance against purchase of Material/ Services and Inventories,

Note - 47

As on March 31, 2020, the Company has shipbuilding contracts receivables of ₹ 173,959.62 lakhs, including invocation of the bank guarantees amounting to ₹ 93,739.15 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has 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 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 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 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 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. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/ Services and inventories has been made in the financial statements.

Note - 48

The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Goodwill on Consolidation, Investments, Other Non Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc) of the Group is ₹ 472,411.95 Lakhs. As explained in Note 1 above, the Company is under CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. 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 full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets.

Note - 49

Post Reporting Events

On March 16, 2020 and subsequent to year end on May 19, 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 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. As the Company is under CIRP, it has requested GPPL to continue with the agreement for the smooth resolution process and expect to pay the lease rent as per the provision of the Code.

Notes to Consolidated Financial Statements

Note - 50

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Company, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Company.

Few of the construction activities are already commenced albeit in a limited manner. Further the Company has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. Any changes due to the changes in situations/ circumstances will be taken into consideration, if necessary, as and when it crystallizes; accordingly it is not possible to determine exact financial impact of COVID-19 pandemic over the business at this juncture.

Note - 51

Authorisation of Financial Statements

These financial statements have been prepared by the management of the Company and certified by CFO and Company secretary of the Company. These financial statements were placed in the meeting of RP, CFO and Company Secretary for their considerations (CFO and Company Secretary are referred herein after as "Key Managerial Persons"). Accordingly, the audited financial statements were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examinations by and representations, clarifications and explanations provided by the key managerial persons, has approved the Financial statements. The key managerial persons has provided the certifications and representations with responsibility in respect of various secretarial, compliances and matters which are pertaining to the period prior to the appointment of Resolution Professional. The RP is relying on the management representation letters for all information and confirmations in relation to the day to day functioning of the Company.

Note - 52

Previous year figures have been regrouped and rearranged, wherever necessary to make them comparable with those of the current year.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Madan Pendse
Avinash Godse

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Form AOC-1
[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing salient features of financial statement of subsidiaries/ associates companies/ joint ventures
PART 'A' - Summary of Financial Information of Subsidiary Companies

1. Subsidiaries of the Company in India:

Sr No	Name of the Company	Reporting Period for the subsidiary concerned, if different from Holding Company's reporting period	Date of acquisition	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Investment	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	E Complex Private Limited	NA	21-Oct-06	INR	2,170.93	(22,882.76)	62,459.96	-	2,172.92	(5,504.02)	0	(5,504.02)	-	100.00
2	RMOL Engineering and Offshore Limited*	NA	18-Feb-13	INR	5.00	(20,700.57)	29,968.68	29,968.00	-	(6,066.51)	0	(6,066.51)	-	100.00
3	Reliance Technologies and Systems Private Limited*	NA	10-Feb-15	INR	1.00	(1.88)	0.01	-	0	(0.24)	0	(0.24)	-	100.00
4	REDS Marine Services Limited	NA	01-Oct-14	INR	5.00	(6,651.24)	18,700.62	-	0	(2,809.21)	0	(2,809.21)	-	100.00

Rs. In Lakhs

**2. Subsidiaries of the Company Outside India:
In SGD**

Sr No	Name of the Company	Reporting Period for the subsidiary concerned, if different from Holding Company's reporting period	Date of acquisition	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Investment	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	% of Shareholding
5	PDOC Pte. Ltd Exchange Rate as on March 31, 2020: 1SGD = INR 51.7075	NA	05-Sep-12	INR	25,000	(93,144.46)	15,403.72	-	-	(12,350)	-	(12,350)	-	100.00

*Not yet commenced operations

Notes to Consolidated Financial Statements

PART 'B' - Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to the Associate Companies & Joint Ventures

Sr. No.	Particulars	Name of the Associate Company
1	Latest Audited Balance Sheet Date	Conceptia Software Technologies Private Limited March 31, 2020
2	Shares of Associate held by the Company on year end	
	• No. of Equity Shares	1,12,200
	• Amount of Investment in Associates (₹ in Lakhs)	153.48
	• Extent of Holding (%)	25.50%
3	Date of acquisition	August 11, 2011
4	Description of how there is significant influence	There is significant influence due to shareholding in the Associate Company
5	Reason why the Associate is not consolidated	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs)	192.05
7	Profit/ (Loss) for the year ended March 31, 2020	
	1. Considered in Consolidation (₹ in Lakhs)	13.84
	2. Not considered in Consolidation	-

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Reg. No.: 107783W/ W100593

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda

} Directors

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : July 31, 2020

Place : Mumbai
Date : July 31, 2020

