



Independent Auditors' Report

To
The Members of **REDS Marine Services Limited**
(Formerly Known as Reliance Engineering and Defence Services Limited)

Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **REDS Marine Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31st March, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, 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 opinion.

Going Concern

We draw attention to Note 15 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.

Our opinion is not modified in this respect;

Management's Responsibility and Those Charged with Governance for Financial Statements The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual report but does not include the financial statements and our auditor's report thereon..

Our opinion on the 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 financial statements, our responsibility is to read the other information when it becomes available and consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above other information, if we conclude that there is material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) 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 Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under;
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) 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 B**”;

g) 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of the Act.

h) 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, in our opinion and to the best of our information and according to the explanations given to us:

(i) There were no pending litigations which would impact financial position of the Company.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(i) There were no amounts which were required to be transferred to the Investor Education and protection fund by the Company during the year ended March 31, 2020.

For **Rajkumar Rathi & Co.**

Chartered Accountants

Regn.No.006342C

Saurabh Jain

Partner

Membership No.405013

Place: Mumbai

Date: July 30, 2020

UDIN: 20405013AAAAEJ3767

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date on the financial statements of **REDS Marine Services Limited** for the year ended March 31, 2020)

- (i) The Company has no fixed assets hence clause 3 (i) of the Order is not applicable.
- (ii) The Company has no inventory hence clause 3 (ii) of the Order is not applicable.
- (iii) The Company has granted unsecured loan to a Company covered in the register maintained under section 189 of the Act.
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Company covered in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interests of the Company.
- (b) As per the information and explanations given to us, the said loans and interest thereon was not due for repayment during the year; and
- (c) Since the above loan and interest thereon was not due for repayment during the year, the question of overdue amounts does not arise.
- (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, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) According to the information given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- (vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable except Income Tax TDS of Rs.17,01,383 which is outstanding for more than 6 months.
- (b) According to the information and explanations given to us there are no statutory dues pending on account of any dispute.
- Viii) According to the information and explanations given to us, during the year, the Company has not defaulted in repayment of loans to a financial institution, bank, Government or dues to debenture holders.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations give 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 fully or partly convertible debentures during the year.
- xv) According to information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected. Accordingly, paragraph 3(xv) of Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For **Rajkumar Rathi & Co.**
Chartered Accountants
Regn.No.006342C

Saurabh Jain
Partner
Membership No.405013
Place: Mumbai
Date: July 30, 2020

ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **REDS Marine Services Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the 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 issued by the Institute of Chartered Accountants of India. 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 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 judgment, 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 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the 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

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 ICAI.

For **Rajkumar Rathi & Co.**

Chartered Accountants

Regn.No.006342C

Saurabh Jain

Partner

Membership No.405013

Place: Mumbai

Date: July 30, 2020

REDS Marine Services Limited
(formerly known as Reliance Engineering and Defence Services Limited)

Balance Sheet as at March 31, 2020

Rs in Lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I ASSETS			
(1) Non Current Assets			
Financial Assests			
I Loans and Advances	2	18,700.33	18,700.43
		<u>18,700.33</u>	<u>18,700.43</u>
Other Non Current Assets	3	0.25	0.25
		<u>0.25</u>	<u>0.25</u>
		18,700.58	18,700.68
(2) Current Assets			
Financial Assests			
I Cash and Cash Equivalentants	4	0.04	0.21
		<u>0.04</u>	<u>0.21</u>
		0.04	0.21
TOTAL ASSETS		<u><u>18,700.62</u></u>	<u><u>18,700.89</u></u>
II EQUITY AND LIABILITIES			
(1) EQUITY			
Equity Share Capital	5	5.00	5.00
Other Equity	6	(6,651.24)	(3,842.03)
		<u>(6,646.24)</u>	<u>(3,837.03)</u>
		(6,646.24)	(3,837.03)
(2) LIABILITIES			
Current Liabilities			
Financial Liabilities			
Borrowings	7	17,505.08	17,505.08
Other Current Financial Liabilities	8	7,813.49	5,010.57
		<u>25,318.57</u>	<u>22,515.65</u>
Other Current Liabilities	9	28.29	22.27
		<u>28.29</u>	<u>22.27</u>
		28.29	22.27
		25,346.86	22,537.92
TOTAL EQUITY & LIABILITIES		<u><u>18,700.62</u></u>	<u><u>18,700.89</u></u>
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 20		

As per our Report of even date
For Rajkumar Rathi & Co.
Chartered Accountants
Firm Registration No.: 006342C

For and on behalf of the Board of Directors

Saurabh Jain
Partner
Membership No 405013

Nikhil Jain
Director

Venkat Rachkonda
Director

Place: Mumbai
Date : July 30, 2020

Place: Mumbai
Date : July 30, 2020

REDS Marine Services Limited
(formerly known as Reliance Engineering and Defence Services Limited)

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

Rs in Lakhs

Particulars	Note	for the year ended March 31, 2020	for the year ended March 31, 2019
REVENUE			
Other Income	10	-	4.74
Total Revenue		<u>-</u>	<u>4.74</u>
EXPENSES			
Purchase of Stock - in - trade		-	-
Finance Costs	11	2,802.91	2,620.49
Other Expenses	12	6.30	1.32
Total Expenses		<u>2,809.21</u>	<u>2,621.81</u>
Loss before Tax		(2,809.21)	(2,617.07)
Tax Expense			
Current Tax		-	-
Tax of Earlier Years		-	540.69
Deferred Tax		-	-
Loss After Tax		(2,809.21)	(3,157.76)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income to be reclassified to profit and loss in subsequent year		-	-
Other Comprehensive Income not to be reclassified to profit and loss in subsequent year		-	-
Actuarial (gains)/losses on defined benefit plans		-	-
Income Tax effect		-	-
Total Other Comprehensive Loss for the year		<u>-</u>	<u>-</u>
Total Comprehensive Loss for the year		<u>(2,809.21)</u>	<u>(3,157.76)</u>
Earnings per Equity share of Rs. 10/- each			
Basic / Diluted (In Rupees)	16	(5,618.42)	(6,315.52)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 20		

As per our Report of even date
For Rajkumar Rathi & Co.
Chartered Accountants
Firm Registration No.: 006342C

For and on behalf of the Board of Directors

Saurabh Jain
Partner
Membership No 405013

Nikhil Jain
Director

Venkat Rachkonda
Director

Place: Mumbai
Date : July 30, 2020

Place: Mumbai
Date : July 30, 2020

REDS Marine Services Limited

(formerly known as Reliance Engineering and Defence Services Limited)

Cash Flow Statement for the year ended March 31, 2020

Rs in Lakhs

Sr No	Particulars	2019 - 2020	2018 - 2019
A	Cash Flow from Operating Activities		
	Net Profit/Loss before Tax	(2,809.21)	(2,617.07)
	Adjustments for :-		
	Finance Cost	2,802.91	2,620.49
	Interest Income	-	-
	Balances Write Off	(0.02)	(0.02)
	Operating profit before working capital changes	<u>(6.32)</u>	<u>3.40</u>
	Adjusted for		
	Trade & Other Receivables	-	-
	Trade & Other Payables	6.02	(202.77)
	Cash Generated from Operations	<u>(0.30)</u>	<u>(199.37)</u>
	Direct Taxes (Paid) / Refund	-	-
	Net Cash from Operating Activities	<u>(0.30)</u>	<u>(199.37)</u>
B	Cash Flow from Investing Activities		
	Short Term Borrowings (Net)	-	74.03
	Finance Cost Paid	0.10	(142.50)
	Net Cash from Investing Activities	<u>0.10</u>	<u>(68.47)</u>
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	-	(4,278.06)
	Repayment of Long Term Borrowings	-	4,785.77
	Short Term Borrowings (net)	0.03	(266.08)
	Finance Cost Paid	0.03	(266.08)
	Net Cash Flow from Financing Activities	<u>0.03</u>	<u>241.63</u>
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(0.17)	(26.21)
	Cash & Cash Equivalents - Opening balance	0.21	26.42
	Cash & Cash Equivalents - Closing balance	0.04	0.21

Notes:

- (1) The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7 - Statement of Cash flows .
- (2) Figures in brackets indicate outflow.
- (3) Previous Year figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

As per our Report of even date
For Rajkumar Rathi & Co.
Chartered Accountants
Firm Registration No.: 006342C

For and on behalf of the Board of Directors

Saurabh Jain
Partner
Membership No 405013

Nikhil Jain
Director

Venkat Rachkonda
Director

Place: Mumbai
Date : July 30, 2020

Place: Mumbai
Date : July 30, 2020

REDS Marine Services Limited
(formerly known as Reliance Engineering and Defence Services Limited)

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

A Equity Share Capital

Particulars	<i>Rs in Lakhs</i>			
	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	50,000	5.00	50,000	5.00
Add: Shares Issued / brought back during the year	-	-	-	-
Equity shares at the end of the year	50,000	5.00	50,000	5.00

B Other Assets

Particulars	<i>Rs in Lakhs</i>	
	Retained Earning	Total
As at April 01, 2018	(684.27)	(684.27)
Profit/(loss) for the year	(3,157.76)	(3,157.76)
As at March 31, 2019	(3,842.03)	(3,842.03)
Profit/(loss) for the year ended	(2,809.21)	(2,809.21)
As at March 31, 2020	(6,651.24)	(6,651.24)

As per our Report of even date
For Rajkumar Rathi & Co.
Chartered Accountants
Firm Registration No.: 006342C

For and on behalf of the Board of Directors

Saurabh Jain
Partner
Membership No 405013

Nikhil Jain
Director

Venkat Rachkonda
Director

Place: Mumbai
Date : July 30, 2020

Place: Mumbai
Date : July 30, 2020

REDS Marine Services Limited

(formerly known as Reliance Engineering and Defence Services Limited)

Notes to Financial Statements for the year ended March 31, 2020

Note - 1

Statement of Significant Accounting Policies

a General Information

REDS Marine Services Limited was incorporated on June 4, 2012. The name of the Company got changed from Reliance Engineering and Defence Services Limited on October 8, 2018 and fresh certificate of incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India. The Company is domiciled in India having registered office at Survey no 658, Village Ramupura II, Via- Rajula, District Amreli (Gujarat).

b 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, as amended 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.

c Functional and Presentation Currency:

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

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.

e Current Versus Non Current Classification:

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

- 1 Expected to be realised or intended to 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
- 5 All other assets are classified as non-current.

ii. A liability is current when:

- 1 It is expected to be settled in normal operating cycle
- 2 It is held primarily for the purpose of trading
- 3 It is 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.
- 5 All other liabilities are treated as non-current.

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

f Fair Value Measurement:

Fair value is the price that would be received to sell an assets 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 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.

g Revenue Recognition:

- i Revenue from operation include sale of goods and Shown as net of returns, trade discount & value added taxes:
- ii Revenue is recognised when the amount of revenue can be measured reliably and no significant uncertainty exist as to its ultimate collection.
- iii Interest income is recognised on a time proportion basis.

h Investments:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Non Current Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

i Financial Instruments:

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

Financials Assets

i Initial recognition and measurement

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

ii Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1 at amortised cost
- 2 at fair value through other comprehensive income (FVTOCI)
- 3 at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income FVTOCI

REDS Marine Services Limited

(formerly known as Reliance Engineering and Defence Services Limited)

Notes to Financial Statements for the year ended March 31, 2020

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

1 Financial Assets measured at fair value through other comprehensive income:

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.

2 Financial Assets measured at fair value through profit or loss:

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.

3 Investment in Equity Instruments:

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

4 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.

Financial Liabilities

i 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.

ii 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 repurchasing 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

iii Loan and Borrowings

interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the 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.

iv 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 or loss.

j 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 consist of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded 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.

k Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax are 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.

l 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.

Note - 2

Loans and Advances

(Unsecured, Considered Good)

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Inter Corporate Deposits to:		
Related Party (Refer note no 13)	11,497.84	11,497.94
Interest Receivable from Related Party (Refer note no 13)	7,202.49	7,202.49
Total	18,700.33	18,700.43

2.1 Details of Inter Corporate Deposit with Related Party

Company Name	Relationsh	<i>Rs in Lakhs</i>	
		As at March 31, 2020	As at March 31, 2019
E Complex Private Limited	Fellow Subsidiary	11,497.84	11,497.94

2.2 Details of Interest Receivable from Related Party

Company Name	Relationsh	<i>Rs in Lakhs</i>	
		As at March 31, 2020	As at March 31, 2019
E Complex Private Limited	Fellow Subsidiary	7,202.49	7,202.49

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Notes to Financial Statements for the year ended March 31, 2020

Note - 3

Other Non Current Assets

(Unsecured Considered good)

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Deposit	0.25	0.25
Total	0.25	0.25

Note - 4

Cash and Cash Equivalants

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Balances with Bank - In Current Account	0.04	0.21
Total	0.04	0.21

Note - 5

Equity Share Capital

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Equity Shares		
Authorised		
50,000 (Previous Year 50,000) Equity shares of Rs. 10/- Each	5.00	5.00
Issued, Subscribed and Paid up		
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- Each fully paid up	5.00	5.00
Total	5.00	5.00

5.1 Reconciliation of Equity shares outstanding at the beginning and at the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	Rs in Lakhs	No of Shares	Rs in Lakhs
Equity shares at the beginning of the year	50,000	5.00	50,000	5.00
Add: Shares Issued / bought back during the year	-	-	-	-
Equity shares at the year ended 31.03.2020	50,000	5.00	50,000	5.00

5.2 Shareholders holding more than 5% No. of Shares / Holding Company

Name of the Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Naval and Engineering Limited - Holding Company	50,000	100%	50,000	100%

5.3 Terms and Rights attached to Equity Shares.

The Company has only one class of Equity Share having a par value of Rs. 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 proportionate to the number of equity share held by the shareholders.

Note - 6

Other Equity

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Surplus / (Deficit)		
Balance as per last Balance Sheet	(3,842.03)	(684.27)
Loss for the year	(2,809.21)	(3,157.76)
Total	(6,651.24)	(3,842.03)

6.1 The Company has incurred losses which have resulted into erosion of the Company's net worth. The management feels that this erosion is temporary in nature and the Company's future business plans and prospects will help the Company to turn around in future, hence the Company continued to prepare its Financial Statements on going concern basis.

Note - 7

Short Term Borrowings

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2020	As at March 31, 2019
Unsecured Loans from:		
Body Corporates	17,505.08	17,505.08
Total	17,505.08	17,505.08

7.1 The Unsecured loan from body corporate of Rs 4,813.80 lakhs is secured by way of :

- i first charge of mortgage of approximately 66 acres of land belonging to other corporates
- ii Pledge of 6,254,178 fully paid up equity share of Holding Company held by SKIL Infrastructure Limited
- iii Irrevocable and unconditional personal guaranty of erstwhile directors of the Holding Company
- iv Corporate guarantee of Holding Company, E Complex Private Limited and SKIL Infrastructure Limited.

7.2 As on March 31, 2020 the Company has Overdue of Rs. 4,813.80 lakhs (Previous Year : Rs. 4,813.80 lakhs) and Rs. 3,087.78 lakhs (Previous Year : Rs. 1,882.45 lakhs) towards Principal and Interest respectively which is due for more than 90 days

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Notes to Financial Statements for the year ended March 31, 2020

Note - 8

Other Current Financial Liabilities (Unsecured)

	<i>Rs in Lakhs</i>	
Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued and due	3,087.78	1,882.45
Interest accrued but not due	4,725.71	3,128.12
Total	7,813.49	5,010.57

Note - 9

Other Current Liabilities

	<i>Rs in Lakhs</i>	
Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	17.06	17.01
Creditors for Expenses	3.01	1.83
Other Payables	8.22	3.43
Total	28.29	22.27

Note - 10

Other Income

	<i>Rs in Lakhs</i>	
Particulars	for the year ended March 31, 2020	for the year ended March 31, 2019
Dividend Income	-	0.41
Balance Written Back	-	4.33
Total	-	4.74

Note - 11

Finance Costs

	<i>Rs in Lakhs</i>	
Particulars	for the year ended March 31, 2020	for the year ended March 31, 2019
Interest Expenses	2,802.91	2,620.49
Total	2,802.91	2,620.49

Note - 12

Other Expenses

	<i>Rs in Lakhs</i>	
Particulars	for the year ended March 31, 2020	for the year ended March 31, 2019
Payment to Auditors	0.30	0.30
Bank Charges	-	0.01
Legal and Professional Fees	5.02	0.94
Interest on TDS	-	0.07
Rent Expenses	0.97	-
Total	6.30	1.32

12.1 Payment to Auditors

	<i>Rs in Lakhs</i>	
Particulars	for the year ended March 31, 2020	for the year ended March 31, 2019
Audit Fee	0.30	0.30
Total	0.30	0.30

Note - 13

Related Party Transactions

a) List of Related parties

Holding Company

Reliance Naval and Engineering Limited

Fellow Subsidiaries

E -Complex Private Limited

PDOC Pte. Ltd.

RMOL Engineering and Offshore Limited (formerly Reliance Marine and Offshore Limited)

Reliance Underwater Systems Private Limited (formerly Reliance Lighter Than Air Systems Private Limited) upto August 15th 2019

Reliance Technologies and Systems Private Limited

Other Related Party

Reliance Infrastructure Limited

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Notes to Financial Statements for the year ended March 31, 2020

b) Terms and Conditions of transactions with related parties

The Transactions from related parties are made on arm's length price. 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 each financial year through examining the financial position of the related party and the market in which the related party operates.

c) Transactions with related parties

		As at March 31, 2020			As at March 31, 2019		
Sr No	Particulars	Reliance Infrastructure Limited	E Complex Private Limited	Reliance Naval and Engineering Limited	Reliance Infrastructure Limited	E Complex Private Limited	Reliance Naval and Engineering Limited
<i>Rs in Lakhs</i>							
1)	Long Term Loans & Advances						
	Opening Balance	-	11,497.94	-	-	11,355.44	-
	Given during the year	-	-	-	-	142.50	-
	Refund during the year	-	-	-	-	-	-
	Closing Balance	-	11,497.94	-	-	11,497.94	-
2)	Borrowings						
	Opening Balance	-	-	-	150.00	-	4.22
	Received during the year	-	-	-	4,790.00	-	-
	Repaid during the year	-	-	-	-	-	-
	Assigned to Third Party	-	-	-	4,940.00	-	-
	Written Back	-	-	-	-	-	4.22
	Closing Balance	-	-	-	-	-	-
3)	Interest Income	-	-	-	-	-	-
4)	Interest Receivable	-	7,202.49	-	-	7,202.49	-
5)	Interest Expenses	-	-	-	454.76	-	-
6)	Interest accrued but not due	457.26	-	-	457.26	-	-

Note - 14

Segment Reporting

There are no segments to report.

Note - 15

The Company has incurred losses which have resulted into erosion of the Company's net worth. The management feels that this erosion is temporary in nature and the Company's future business plans and prospects will help the Company to turn around in future, hence the Company continued to prepare its Financial Statements on going concern basis.

Note - 16

Earnings Per Share

Particulars	for the year ended March 31, 2020		for the year ended March 31, 2019	
Net Profit / (Loss) after Tax	(a)	(2,809.21)	(a)	(3,157.76)
Amount available for calculation of Basic and diluted EPS	(a)	<u>(2,809.21)</u>	(a)	<u>(3,157.76)</u>
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	50,000	(b)	50,000
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(a) / (b)	<u>(5,618.42)</u>	(a) / (b)	<u>(6,315.52)</u>

Note - 17

In the opinion of the management, Current Assets and Loans and advances are of the value stated, if realised in the ordinary course of the business.

Note - 18

Financial Risk Management Objective and Policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include Investment, and cash and bank balances that derive directly from its operations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument 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 instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments 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.

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

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

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Notes to Financial Statements for the year ended March 31, 2020

Note - 19

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 parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. 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. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Note - 20

Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our Report of even date
For Rajkumar Rathi & Co.
Chartered Accountants
Firm Registration No.: 006342C

For and on behalf of the Board of Directors

Saurabh Jain
Partner
Membership No 405013

Nikhil Jain
Director

Venkat Rachkonda
Director

Place: Mumbai
Date : July 30, 2020

Place: Mumbai
Date : July 30, 2020