Reliance Naval and Engineering Limited
(Formerly Reliance Defence and Engineering Limited)
Reliance Center, 2nd Floor, South Wing
Prabhat Colony, Off Vakola Flyover
Santa Cruz (East), Mumbai 400 055

Tel : +91 22 4303 1000
Fax : +91 22 4303 2790

www.rnaval.co.in

September 03, 2019

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE Scrip Code: 533107

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

Dear Sir(s),

Sub.:Notice of 22nd Annual General Meeting and Annual Report 2018-19

This is to inform that the 22nd Annual General Meeting of the members of the Company will be held on Saturday, September 28, 2019 at 10:30 a.m. at the registered office of the Company at Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, 365 560, Gujarat (the 'AGM').

The Annual Report for the financial year 2018-19, including the Notice convening the AGM, is enclosed herewith.

The Company will provide to its members the facility to cast their vote(s) on all resolutions set out in the Notice by electronic means ('e-voting') and through ballot paper at the venue of AGM. The e-voting communication giving instructions for e-voting, being sent along with the Annual Report is also enclosed.

Thanking you.

Yours faithfully,
For **Reliance Naval and Engineering Limited**

Avinash Godse
Company Secretary

Reliance Naval and Engineering Limited

Encl.: As Above.

Naval and Engineering

Annual Report

2018-19

Profile

Reliance Naval and Engineering Limited (RNAVAL) (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 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

Shri K Ravikumar – Chairman
Shri Pankaj Pandya
Shri Venkata Rachakonda
Ms Ankita Tallur
Ms Shiby Jobby
Shri Debashis Bir – Whole-time Director and CEO

Key Managerial Personnel

Shri Madan Pendse – Chief Financial Officer
Shri Avinash Godse – Company Secretary & Compliance Officer

Auditors

M/s. Pathak H. D. & Associates

Registered Office & EOU

Pipavav Port, Post Ucchaiya, 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

Registrar and Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium Tower – B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda,
Hyderabad 500 032
Website: www.karvyfintech.com

Investor Helpdesk

Toll free no (India)	:	1800 4250 999
Tel.	:	+ 91 40 6716 1500
Fax	:	+ 91 40 6716 1791
E-mail	:	ris.rdel@karvy.com

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22nd Annual General Meeting on Saturday, September 28, 2019 at 10.30 A.M. at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli, Gujarat – 365 560.

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

Letter to Shareholders

My dear fellow Shareholders,

India is undergoing a major transformation under the leadership of Hon'ble Prime Minister. The Indian economy has continued its high growth momentum. According to the International Monetary Fund, India is forecast to grow at 7.3% in 2019 and continuing to be amongst the fastest-growing economies in the world. A series of new initiatives initiated by the Government have moved India into world's top countries towards ease of doing business. The global economy is also growing at a fast pace of 3.3% and is expected to strengthen further in years to come.

India's defence budget for the financial year 2019-20 has been increased by 2.03% to Rs. 3.01 lakh crore over last year's Rs. 2.95 lakh crore allocation.

With its long coastline and strategic geographic positioning, and particularly with the increasing dominance of other powers in the Indian Ocean, India critically needs a strategic Naval presence for ensuring its territorial as well as security and economic interests, The Shipbuilding Industry directly and indirectly impacts the country's security i.e. National security, Energy, Food, trade & Commodity security, etc.

The Defence and the Strategic Sectors (like Oil & Gas) of India have a very large requirement of ships for the Indian Navy, Indian Coast Guard and Oil & Gas majors. It is essential that such strategic sector of Maritime Security is fully dependent on domestic capability both in the Private and Public Sectors, under 'Make in India' initiative, rather than relying on Imports.

In spite of the military threats to India from multiple fronts, the defence outlay is unlikely to completely meet the operational requirements and Defence Equipment requirements of the defence services and there is an urgent need for indigenisation in the manufacture of defence equipment. India despite having the fifth largest defence budget in the world, procures 60% of its weapon systems from foreign markets.

The many policy level changes brought about by the Government to enhance Defence production, 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.

The commercial shipbuilding industry also continues to be impacted by the Global slowdown with the Global Active Fleet growing by only 3% last year. Further, the Maritime Trade growth through Dry bulk, Tankers, & Container throughput dropped in 2018, in contrast to growth in 2017.

Consequently, many Indian Shipyards in the Private Sector are financially stressed and two of them are facing liquidation. This has adversely impacted the lenders, employees and also the economic growth.

In fact the financial stress of the shipyards is an international phenomenon and Not restricted to India. Major Shipbuilding Countries such as Japan, China and Korea have poured in over ten billion US Dollars, (US$ 10.0 bn), to support and revive their respective shipyards in his period of downtime of the Shipbuilding Industry worldwide.

Performance Review

The Company is India's leading private sector defence & Shipbuilding Company with gross non-current assets as on March 31, 2019 of Rs. 168,327 lakhs as against Rs. 994,266 lakhs a year before. During the financial year 2018-19, the Company reported aggregate revenue of about Rs. 18,463 lakhs against Rs. 41,384 lakhs in the previous year and incurred a loss of Rs. 10,48,104 lakhs as compared to loss of Rs. 95,608 lakhs in the previous year.

While the Shipbuilding Industry is a Cyclic one, the current Global downturn is a prolonged one, further exacerbated by most of the Defence Ship Building orders going to PSUs/DPSUs on nomination basis.

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 and thereby leading to erosion of confidence amongst clients.

This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity. Considering this and based on the valuation report taken from an independent expert, the Company during the year has made provision for impairment of property, plant and equipments and capital work in progress of Rs. 813,289 lakhs and of advances and receivables for Rs. 88,320 lakhs.

Our Company is currently engaged in fulfilling multiple contracts for supply of new vessels to the Indian Navy and Indian Coast Guard and maintenance / upgrade of Oil & Gas platforms.

It is currently engaged in construction of twenty ships for Indian Navy and Indian Coast Guard. The first of the five, Naval Offshore Patrol Vessels (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 Coast Guard Training Ship and it is being readied for Basin trials, and the three out of the fourteen, Fast Patrol Vessels (FPVs) are at an advanced stage of construction.

During the year under review, our Company launched first-of-its-kind the largest next generation training ship for Indian Coast Guard (ICG) entirely designed by the Design Bureau of the Company. The training ship has the primary role to impart sea training to cadets, including an all-round exposure to the lives of ICG officers. The vessel is 105 meters long, with a capacity of accommodating 242 personnel. The vessel is powered by twin diesel engines of 10,400KW and can move at a speed of 20knots. The vessel is also equipped with weapons systems and is capable of policing maritime zones of the country as well as for search and rescue missions. The vessel's capability also includes operating a twin-engine helicopter for undertaking maritime reconnaissance.

Our Shipyard is also certified by the US Navy for servicing of warships from the US Navy's Seventh fleet. Currently, it is the only Indian Shipyard to achieve this landmark.

Industry and Business Opportunities

In the Defence ship production multiple projects are envisaged for issue of RFP's (Request for Proposals), which are likely to fructify as new building contracts.

Letter to Shareholders

In case of the refit of ships and floating platforms, there is huge demand due to non availability of ship repair facility such as Dry docks, ship-lifts and floating docks in the country. 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 / ship-lift/ floating dock for underwater hull and machinery maintenance. This is one of the major areas of business opportunities for the Company.

Corporate Governance

Our Company has always maintained the highest governance standards and practices by adopting the "Corporate Governance Policies and Code of Conduct". These policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

We are committed to enhancing scale, competitiveness, efficiency and productivity of our businesses, benchmarked to global standards of excellence, which shall be a discipline to be pursued at all levels in our Company. Our projects require substantial use of natural resources such as land, water and minerals. We take adequate care in designing of our projects in a manner that ensure optimum utilization of natural resources. The interests of all stakeholders have always been our prime focus.

Our commitment

We remain committed to uphold stakeholders' value. Thank you stakeholders, for your continued support in our pursuit of achieving positive transform.

Yours faithfully,

Debashis Bir
Whole-time Director and CEO

Notice

Notice is hereby given that the 22nd Annual General Meeting of the Members of **Reliance Naval and Engineering Limited** (formerly known as Reliance Defence and Engineering Limited) will be held on Saturday, September 28, 2019 at 10.30 A.M. at the registered office of the Company i.e. Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, 365 560, Gujarat, to transact the following business:

Ordinary Business:

1. To consider and adopt:

a. the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of Board of Directors and Auditors thereon; and

b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon.

2. To appoint a Director in place of Shri Debashis Bir (DIN: 01932925), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Special Business:

3. Appointment of Ms. Ankita Tallur as a Director

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

"RESOLVED THAT pursuant to the provisions of Section 152 and 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 Articles of Association of the Company, Ms. Ankita Tallur (DIN: 08350243), who was appointed as an Additional Director by the Board of Directors of the Company w.e.f. February 02, 2019 pursuant to the provisions of Section 161 of the Act and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for appointment as a Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. Appointment of Ms. Shiby Jobby as a Director

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

"RESOLVED THAT pursuant to the provisions of Section 152 and 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 Articles of Association of the Company, Ms. Shiby Jobby (DIN: 08350238), who was appointed as an Additional Director by the Board of Directors of the Company w.e.f. March 30, 2019 pursuant to the provisions of Section 161 of the Act and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for appointment as a Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. Appointment of Shri Venkata Rachakonda as a Director

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

"RESOLVED THAT pursuant to the provisions of Section 152 and 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 Articles of Association of the Company, Shri Venkata Rachakonda (DIN: 07014032), who was appointed as an Additional Director by the Board of Directors of the Company w.e.f. March 30, 2019 pursuant to the provisions of Section 161 of the Act and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as a Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Shri Pankaj Pandya as an Independent Director

To consider and, if thought fit, to pass the following resolution as a **Special 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, Shri Pankaj Pandya (DIN: 00005701), 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 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for appointment as a Director and who has attaind the age of seventy five years and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years with effect from March 30, 2019.

7. Re-appointment of Shri Debashis Bir as the Whole-time Director

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and 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), Articles of Association of the Company, in accordance with the recommendation of the Nomination and Remuneration Committee, and subject to the approval of concerned authority and such other sanctions as may be necessary, approval of the Members be and is hereby accorded to the re-appointment of Shri Debashis Bir (DIN: 01932925), as a Whole-time Director for a further period of three years from the expiry of his present term of office, i.e. w.e.f. April 1, 2020 on the terms and conditions including remuneration as shall be decided from time to time by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall include any committee which the Board may have constituted or hereinafter constituted, to exercise its powers, including the power conferred by this resolution) and that the Board be and is hereby authorised to alter and vary terms and conditions including the remuneration payable to him during the tenure of his appointment such that the remuneration payable to him shall not exceed the limits specified in the Act read with Schedule V, as amended from time to time.

RESOLVED FURTHER THAT the Board, based on the recommendations of the Nomination and Remuneration Committee of the Board, be and is hereby authorised to provide annual increases in the remuneration payable to the Whole-time Director during his above tenure of appointment, subject to such increases being within the limits specified in the Act read with Schedule V thereto, as amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

8. Change of name of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Section 4, 5, 13, 14 and 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 approvals, consents, sanctions and permissions of the Central Government / Stock Exchange(s) / appropriate authorities / departments or bodies as may be necessary, the approval of the members of the Company be and is hereby accorded for changing the name of the Company from "Reliance Naval and Engineering Limited" to "NEL Shipyard Limited".

RESOLVED FURTHER THAT upon issuance of the fresh certificate of incorporation by the Registrar of Companies consequent to change of name, the old name "Reliance Naval and Engineering Limited" as appearing in Name Clause of the Memorandum of Association of the Company and wherever appearing in the Articles of Association of the Company and other documents and places be substituted with the new name "NEL Shipyard Limited".

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Avinash Godse
Company Secretary and Compliance Officer

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

August 26, 2019

Notes:

1. 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 ('the Meeting') in annexed hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself/ himself, and the proxy need not be a Member of the Company. The instrument appointing the proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before commencement of the Meeting.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Shareholder. The holder of proxy shall prove his identity at the time of attending the meeting.
4. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company, a certified true copy of their Board

Resolution authorizing their representative(s) together with their specimen signature(s) to attend and vote on their behalf at the Meeting.

5. Attendance slip, proxy form and the route map of the venue of the meeting are annexed at the end of the report.

6. Members/ Proxies are requested to bring their duly filled attendance slip sent herewith, along with their copy of the annual report to the Meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

8. Members who hold share(s) in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.

9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.

10. For securities reasons, no gadgets, mobile phones, cameras, article / baggage shall be allowed at the venue of the Meeting. If any such gadgets are brought by any member, the same shall be deposited with the security personnel at the risk of such Member / attendee.

11. Non-Resident Indian Members are requested to inform Karvy Fintech Private Limited (Karvy), Company's Registrar and Transfer Agent immediately on:

    a. the change in the residential status on return to India for permanent settlement; and

    b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code number, if not furnished earlier.

12. Re-appointment and appointment of Directors:

    At the ensuing Annual General Meeting, Shri Debashis Bir, Whole-time Director and CEO of the Company retires by rotation under the provisions of the Companies Act, 2013 (the Act) and being eligible, offers himself for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended the re-appointment.

    Shri Debashis Bir, 64 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 Debashis Bir has over 41 years of experience in Ship Design and Construction, Ship Repairs, Design & Development and Customer Management at Global platform.

    He was appointed by the Board as a Director of the Company with effect from April 01, 2018. In terms of section 152(6) of the Act, he was appointed as Whole-time Director at the Annual General Meeting held on September 29, 2018, liable to retire by rotation.

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

    At the ensuing Annual General Meeting Shri Debashis Bir, is being re-appointed as a Whole-time Director. Ms Ankita Tallur, Shri Venkata Rachakonda and Ms Shiby Jobby as Non-Executive Non-Independent Directors and Shri Pankaj Pandya as Independent Directors are being appointed.

    The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended their respective appointment. The details pertaining to them pursuant to the requirements of Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meeting are furnished in statement pursuant to Section 102(1) of the Act accompanying this Notice and in the Corporate Governance Report forming part of this Annual Report.

13. Members are advised to refer to the section titled 'Investor Information' provided in this Annual Report.

14. **SEBI has decided that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.**

15. Members are requested to fill in and submit online the Feedback Form provided in the 'Investor Relations' section on the Company's website i.e. www.rnaval.co.in in order to aid the Company in its constant endeavor to enhance the standards of service to investors.

16. Member holding shares in physical mode:

    a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company/ Karvy, 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 and can be accessed at link http://www.rnaval.co.in/web/rnaval/shareholder-services.

    c. are requested to register/update their e-mail address with the Company/ Karvy for receiving all communications from the Company electronically.

17. 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.

Notice

18. 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:

    a. The relaxation shall only be available for transfers executed after January 01, 2016.

    b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.

    c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

19. Members who hold shares in physical form, in multiple folios, in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.

20. The Annual Report 2018-19, the Notice of the AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, in physical form are being sent to those shareholders whose e-mail addresses are not registered with the Company and by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless a member has requested for a physical copy of the documents. All the above documents are also available on the website of the Company i.e. www.rnaval.co.in.

21. Members whose application money due for refund has been transferred to the Investor Education and Protection Fund (IEPF), may claim the same by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in, along with fee specified therein.

22. 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 through Notice dated August 26, 2019 (remote e-voting). 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. Saturday, September 21, 2019 only shall be entitled to avail the facility of remote e-voting / voting. Karvy Fintech Private Limited will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from Tuesday, September 24, 2019 at 10:00 A.M. (IST) to Friday, September 27, 2019 at 5:00 P.M. (IST). The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip. The facility for voting shall also be available at the Meeting. 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 Board of Directors has appointed Shri Jitendra R. Rawal, Practicing Company Secretary as the Scrutiniser to scrutinise the voting process in a fair and transparent manner.

    The Scrutiniser will submit his 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 Meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting. 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 Karvy Fintech Private Limited.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 26, 2019

Item No. 3, 4 and 5: Appointment of Directors

Pursuant to the provisions of Section 161 of the Companies Act, 2013 ('the Act'), recommendation of the Nomination and Remuneration Committee and the Articles of Association of the Company, Ms. Ankita Tallur on February 02, 2019 and Shri Venkata Rachakonda and Ms. Shiby Jobby on March 30, 2019, have been appointed as Additional Directors of the Company. Pursuant to the provisions of Section 161 of the Act, above named directors will hold office upto the date of the ensuing Annual General Meeting.

Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby are not disqualified from being appointed as Directors in terms of Section 164 of the Act and they have given consent to act as Director.

As required under Section 160 of the Act, the Company has received a notice in writing from a member proposing the candidature of Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby for the office of Directors of the Company.

Ms. Ankita Tallur, age 30 Years, holds bachelor's Degree in Industrial and Production Engineering from Visvesvaraiah Technological University, Belgaum, Karnataka. She has got a total work experience of 8 years in the areas of system integration, human resources, out of which she is associated with Reliance Group for more than 5 years.

Ms. Shiby Jobby, aged 40 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.

Shri Venkata Rachakonda, aged 54 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, Independent TV Limited and CBD Tower Private Limited.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 26, 2019

In terms of provisions of Section 152 and other applicable provisions, if any, of the Act read with rules made thereunder, the appointment of director would require approval of members by way of Ordinary Resolution.

The relatives of Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby, may be deemed to be interested in the respective resolution set out in Item No. 3, 4 and 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

None of Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby, are related to any other Director or Key Managerial Personnel of the Company. They also does not hold any share in the Company.

Save and except Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby and their relatives, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in these resolutions.

The Board accordingly recommends the Ordinary Resolutions set out at Item No.'s 3, 4 and 5 of the accompanying Notice for the approval of the Members.

Item No. 6: Appointment of Shri Pankaj Pandya as an Independent Director

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 Pankaj Pandya as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) consecutive years effective from March 30, 2019.

Shri Pankaj Pandya 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 Pankaj Pandya 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).

The Listing Regulations prescribes that no person shall be appointed as independent director who has attended the age of Seventy Five years unless special resolution is passed to that effect. Considering the expertise possess by Shri Pankaj Pandya the Board recommends his appointment for members approval.

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

As required under Section 160 of the Act, the Company has received notice in writing from a member proposing the candidature of Shri Pankaj Pandya for the office of the Director of the Company.

Copy of draft letter of appointment of Shri Pankaj Pandya as an Independent Director of the Company setting out the terms and conditions of appointment is available for inspection by the Members at the Company's registered office.

Shri Pankaj Pandya, aged 77 years holds a postgraduate degree in Power Engineering. He is also a Law graduate and holds Diploma in Computer Management. He has rich experience of 55 years in the engineering, commercial issues, legal matters, regulatory & tariff fixation, public relations, etc. He is a member of Institution of Engineers and a fellow member of the Indian Council of Arbitration. He has been associated with the Reform process in power Sector since conception till making of legislation. He was also part of delegation of Senior Officials of Government and Industry to USAID to study on Clean Development Mechanism, Efficient Energy use, SO2 Emission, etc.

Shri Pankaj Pandya 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 Pankaj Pandya may be deemed to be interested in the resolutions set out at Item No. 6 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Save and except Shri Pankaj Pandya 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 Board accordingly recommends the Special Resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

Item No. 7: Re-appointment of Shri Debashis Bir as the Whole-time Director

The members at their Annual General Meeting held on September 29, 2018, had approved the appointment of Shri Debashis Bir, as Whole-time Director for a period of 2 years effective from April 1, 2018. The term of appointment as Whole-time Director shall expire on March 31, 2020. The Nomination and Remuneration Committee has recommended for re-appointment of Shri Debashis Bir as Whole-time Director, further period of 3 years effective from April 01, 2020.

Pursuant to the provisions of Section 196 of the Companies Act, 2013, re-appointment of whole-time director shall be made not earlier than one year before the expiry of his term.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has also approved the remuneration payable to him subject to approval of the shareholders and such other sanctions as may be necessary.

Shri Debashis Bir has given consent for re-appointment and has also confirmed that he is not in any way disqualified from re-appointment as per the provisions of the Act.

Shri Debashis Bir is not related to any other Director or Key Managerial Personnel of the Company.

Shri Debashis Bir is functioning 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 any Promoter / other Directors of the Company or any of its subsidiaries at any time during the last two years before his re-appointment. He possesses B.Tech. qualifications in Naval Architecture from IIT Kharagpur. He has rich and diversified experience of over 41 years in the shipbuilding industry, having acquitted himself creditably by holding senior positions.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 26, 2019

As per the provisions of the Act read with Schedule V, in the event of no profit or inadequate profit, Company may pay remuneration as per the limits prescribed under Part II of Schedule V to the Act.

Shri Debashis Bir fulfills the conditions for eligibility for the re-appointment as contained in Part I of Schedule V of the Act.

The details pertaining to Shri Bir, pursuant to the requirements of Schedule V of the Act, Regulation 36(3) of the Listing Regulations and the Secretarial Standard on General Meetings are given below and also in the Corporate Governance Report forming part of this Report:

<table>
<tr><td>I.</td><td>General Information:</td><td></td></tr>
<tr><td>i</td><td>Nature of Industry</td><td>Defence / Commercial Shipbuilding and Ship repairs</td></tr>
<tr><td>ii</td><td>Date of commencement of commercial production</td><td>April 1, 2009</td></tr>
<tr><td>iii</td><td>In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus applicable</td><td>Not applicable</td></tr>
<tr><td>iv</td><td>Financial performance based on given indicators</td><td>₹ in Crore
<table>
<tr><th>Particulars</th><th>2018-19</th><th>2017-18</th><th>2016-17</th></tr>
<tr><td>Total Income</td><td>18,463.04</td><td>413.84</td><td>564.14</td></tr>
<tr><td>PBT</td><td>(10,10,098.29)</td><td>(1168.53)</td><td>(706.23)</td></tr>
<tr><td>PAT</td><td>(10,48,104.72)</td><td>(956.08)</td><td>(523.43)</td></tr>
<tr><td>Net worth</td><td></td><td>222.90</td><td>1170.48</td></tr>
</table></td></tr>
<tr><td>v</td><td>Foreign investments or collaborators, if any</td><td>The Company has made investment in PDOC Pte. Limited an overseas subsidiary.

The Company has a wide spectrum of international strategic alliances in various domains of defence technologies</td></tr>
<tr><td>II</td><td>Information about the Appointee:</td><td></td></tr>
<tr><td>I</td><td>Background details</td><td>Shri Debashis Bir, 64 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.

In 2007, Shri Debashis Bir joined the Company as President Shipbuilding and after developing the Yard's "state-of-the-art" Infrastructure, Utilities and Services, implementation of policies and processes, he took over 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 of the 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.</td></tr>
<tr><td>ii</td><td>Past remuneration</td><td>Remuneration paid in the year 2018-19 was less than ₹ 75 lakhs

(In addition to above medical insurance was taken by the Company for Shri Debashis Bir and his family)</td></tr>
<tr><td>iii</td><td>Recognition or awards</td><td>Shri Debashis Bir, is part of leadership team of the Company which has felicitated with recognition and awards.</td></tr>
<tr><td>iv</td><td>Job Profile and his suitability</td><td>As Shri Debashis Bir has the requisite professional qualification and experience, he is eminently suited for the position</td></tr>
</table>

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 26, 2019

v	Remuneration proposed	Remuneration proposed is upto ₹ 85 lakhs per annum. This has been approved by the Board based on recommendation of the Nomination and Remuneration Committee of the Board under Section 178 of the Act. Shri Bir is entitled for annual increment/ performance linked incentive, as may be decided by the Board of Directors pursuant to recommendation of the Nomination and Remuneration Committee based on his performance and the performance of the Company and as per the Company Policy. In addition, Shri Bir is also entitled for Company owned/ Leased Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/ or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursements, leave travel concession for self and his family including dependents, medical insurance. The said perquisites and allowances shall be evaluated wherever applicable as per the provisions of the Income Tax Act, 1961 or any Rules made thereunder including any statutory modification(s) thereto, for the time being in force. The Company's contribution to Provident Fund, Superannuation or Annuity fund to the extent these singly or together are not taxable under the Income Tax Act, 1961 and gratuity payable at the end of the tenure as per Rules of the Company shall not be included in the computation of the limits of the remuneration.
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)	The proposed remuneration to the appointee is comparable with the prevailing remuneration in the industry of similar size for similarly placed persons. The proposed remuneration is commensurate to the size and extent of operation of the Company.
vii	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	None
III	**Other Information:**	
i	Reasons of loss or inadequate profits	• 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	• 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.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 26, 2019

Disclosures:

The following disclosures have been incorporated in the Board's report under the heading 'Corporate Governance' attached to the financial statement:

i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors

ii. Details of fixed component and performance linked incentives along with the performance criteria

iii. Service, contracts, notice period, severance fees

iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

Shri Bir is Member of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

The relatives of Shri Debashis Bir may be deemed to be interested in the resolution set out in Item no. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except Shri Bir 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 Board accordingly recommends the Special Resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

Item No. 8 : Change of name of the Company

The Company is currently engaged in the business activity viz. designing and manufacturing of ships primarily for defence sector, commercial shipbuilding, refits, repairs, etc. The Company is having integrated shipbuilding facilities (Shipyard), which is the largest engineering infrastructure in India and also one of the largest in the world.

The Company intents to change its name from 'Reliance Naval and Engineering Limited' to 'NEL Shipyard Limited'. The coined word 'NEL' represents 'Naval, Engineering and Limited'. The words 'Naval and Engineering' signifies the current business activities of the Company. And the word 'Limited' demonstrates the strength of the Company and availability of such kind of 'limited and largest shipbuilding facilities' in India and in the World.

The proposed change in name is in order to ensure that the name of the Company appropriately reflects its integrated shipbuilding facilities (Shipyard), which is the largest engineering infrastructure in India and also one of the largest in the world.

The Board of Directors of the Company has granted its approval for change of name of the Company to 'NEL Shipyard Limited', subject to the approval of the members.

The proposed change of name will not affect any of the rights of the Company or any of its Shareholders/stakeholders. The proposed name indicates business activity of the Company and is in consonance with the objects clause of the Memorandum of Association.

The Central Registration Centre, Ministry of Corporate Affairs, has confirmed the availability of the new name to the Company. The proposed change of name is subject to approval, consents, sanctions and permissions of the Central Government / Stock Exchange(s) / appropriate authorities / departments or bodies as may be necessary.

The provisions of Section 13 and 14 of the Companies Act, 2013 and the rules made there under, requires the Company to obtain approval of shareholders by a Special Resolution for effecting change in the name and consequential alteration in the Memorandum and Articles of Association of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 except to the extent of their shareholding, if any.

The Board accordingly recommends the Special Resolution set out at Item No. 8 of the accompanying notice for the approval of the Members.

By Order of the Board of Directors

Avinash Godse
Company Secretary and Compliance Officer

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

August 26, 2019

Directors' Report

Dear Shareowners,

Your Directors present the 22nd Annual Report and the audited financial statement for the Financial Year ended March 31, 2019

Financial Results

The financial performance of the Company, on standalone basis, for the financial year ended March 31, 2019 is summarised below:

(₹ in Lakh)

Particulars	Financial year ended March 31, 2019	Financial year ended March 31, 2018
Total Income	**18,463.04**	41,384.25
Profit / (Loss) before taxation	**(10,10,098.29)**	(1,16,853.21)
Tax expenses (Net) (including deferred tax and tax for earlier years)	**(38,006.43)**	21,245.47
Profit / (Loss) after taxation	**(10,48,104.72)**	(95,607.74)
Other Comprehensive Income	**(11.96)**	28.24
Total Comprehensive Income for the year	**(10,48,116.68)**	(95,579.50)
Add: Balance of profit/(loss) brought forward	**(51,468.68)**	43,427.32
Securities Premium on issue of shares	**-**	683.50
Balance carried to Balance Sheet	**(10,99,585.36)**	(51,468.68)

Financial Performance

During the financial year under review, your Company earned an income of Rs. 18,463.04 lakhs against Rs. 41,384.25 Lakhs in previous year. The Company incurred a loss after tax of Rs. 10,48,104.72 lakhs for the year as compared to Rs. 95,607.74 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.

The Company's Dividend Distribution Policy forms part of this annual report.

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. Our Company's shipyard at Pipavav, Gujarat, has integrated state of-the-art production facilities.

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

During the year under review, our Company launched first-of-its-kind the largest next generation training ship for Indian Coast Guard (ICG) entirely designed by the Design Bureau of the Company. The training ship has the primary role to impart sea training to cadets, including an all-round exposure to the lives of ICG officers. The vessel is 105 meters long, with a capacity of accommodating 242 personnel. The vessel is powered by twin diesel engines of 10,400KW and can move at a speed of 20knots. The vessel is also equipped with weapons systems and is capable of policing maritime zones of the country as well as for search and rescue missions. The vessel's capability also includes operating a twin-engine helicopter for undertaking maritime reconnaissance.

Debt Refinancing and Resolution Plan

As on March 31, 2019 the Company had outstanding fund based borrowings of Rs. 7,835 Crores crore (including interest) taken from banks and financial institutions. Due to long gestation period of large scale infrastructure created by our Company, non-availability of working capital on time coupled with dearth in new orders the operations of our Company were severely impacted during the year. The Company's business is significantly dependent on defence contracts and in absence of finalisation of any such contracts; the earnings of the Company were insufficient to service the debt. As a matter of fact, it further increased its financial stress.

The Company is under discussion with the lenders and looking forward to achieve debt resolution under the extant RBI guidelines.

During the year under review, one of the lenders has filed an application before the National Company Law Tribunal, Ahmedabad seeking debt resolution under IBC process in compliance with the circular dated February 12, 2018 issued by Reserve Bank of India. Further lenders have also filed application against the Company with Debts Recovery Tribunal, Ahmedabad.

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.

Non-Convertible Debentures

During the year under review, the Company has revoked / extinguished the 2,42,31,000 Secured, Redeemable, Unlisted, Non-Convertible Debentures of Rs. 100 each aggregating to Rs. 243.31 crores, issued on private placement basis to the lenders for consideration other than cash, against the Right of Recompense (RoR). These debentures were issued in anticipation of lenders approving the Refinance Scheme.

Deposit

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, 2019.

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**.**

Subsidiary Companies, Associate and Joint venture

As on March 31, 2019 the Company is having 6 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, due to non-viability of the project, Mazagon Dock Pipavav Defence Private Limited (MDPDPL), the joint venture company between the Company and Mazagon Dock Shipbuilders Limited has been terminated and necessary application for strike off of the name of the joint venture company from the register of companies has been filed with the Registrar of Companies (ROC), Maharashtra at Mumbai. Final notification by the ROC is awaited.

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.

Financial Statement – Application of Indian Accounting Standards (Ind AS)

The audited financial statement of the Company drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2019, are in the accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 "Ind AS Rules".

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2019, based on the financial statement received from subsidiaries and associate companies, as approved by their respective Board of Directors have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.

Directors

During the year under review, Shri Debashis Bir has been appointed as Whole-time Director of the Company w.e.f. April 01, 2018 for a period of 2 years. The period of 2 years will expire on March 31, 2020. It is proposed to re-appoint Shri Debashis Bir as Whole-time Director of the Company for a further period of 3 years. The Nomination and Remuneration Committee of the Board, has recommended appointment Shri Debashis Bir. The Board also recommends his re-appointment.

Lt. Gen. Syed Ata Hasnain (Retd.), Shri Rajesh Dhingra and Shri Rahul Sarin have resigned as Directors of the Company w.e.f. August 10, 2018.

Shri Anil D. Ambani has resigned as Director of the Company w.e.f. August 25, 2018.

The IDBI Bank Limited and Life Insurance Corporation of India have withdrawn nomination of Shri Rajeev Kumar and Shri Raj Kumar as Nominee Directors from the Board of Directors of the Company w.e.f. September 22, 2018 and February 02, 2019, respectively.

Ms C R Gayathri has resigned as Director of the Company w.e.f. December 14, 2018. Shri Rana Ranjit Rai, Ms. Ryna Karani, and Shri Sateesh Seth have resigned as Directors of the Company w.e.f. February 02, 2019.

Shri Raj Narain Bhardwaj has resigned as Director of the Company w.e.f. February 07, 2019.

Pursuant to the provision of Section 161 of the Act, Ms Ankita Tallur has been appointed as Additional Director of the Company w.e.f. February 02, 2019. Further, Shri Pankaj Pandya, was appointed as Additional Director in the capacity of Independent Director and Shri Venkata Rachakonda and Ms. Shiby Jobby were also appointed as Additional Directors of the Company w.e.f. March 30, 2019. Ms. Ankita Tallur, Shri Pankaj Pandya, Shri Venkata Rachakonda and Ms. Shiby Jobby shall hold office till the conclusion of ensuing Annual General Meeting (AGM) of the Company.

The Company has received notices in writing from a member under Section 160 of the Act, proposing the candidature of Ms. Ankita Tallur, Shri Pankaj Pandya, Shri Venkata Rachakonda and Ms. Shiby Jobby, for the office of Director of the Company. The Nomination and Remuneration Committee of the Board, has recommended appointment of all the above mentioned directors. The Board also recommends appointment of Shri Pankaj Pandya, as an Independent Director, for a period of five consecutive years effective from the date of appointment as an Additional director, not being liable to retire by rotation and also appointment of Ms. Ankita Tallur, Shri Venkata Rachakonda and Ms. Shiby Jobby as Directors, being liable to retire by rotation.

In the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed independent director is independent of the management.

The Board places on record its appreciation for valuable contribution made by Lt. Gen. Syed Ata Hasnain (Retd.), Shri Rajesh Dhingra, Shri Rahul Sarin, Shri Anil D. Ambani, Shri Rajeev Kumar, Ms. C R Gayathri, Shri Raj Kumar, Shri Rana Ranjit Rai, Ms. Ryna Karani, Shri Sateesh Seth and Shri Raj Narain Bhardwaj during their tenure as Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations.

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 Companies Act, 2013 Shri Debashis Bir, Whole-time Director and Chief Executive Officer of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM. A brief resume of Shri Debashis Bir, 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 under review, Shri Debashis Bir has been appointed as Whole-time Director and Chief Executive Officer and termed as KMP with effect from April 1, 2018.

Shri Paresh Rathod has been appointed as Company Secretary and termed as KMP with effect from April 1, 2018

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 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 also 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.

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:

i. In the preparation of the annual financial statement for the financial year ended March 31, 2019, 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, 2019 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, 2019, 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. 39 to the Standalone Financial Statements which sets out Related Party Disclosures.

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, four Board Meetings were held, details of which are given in the Corporate Governance Report, forming part of this Annual Report.

Audit Committee

During the financial year, Audit Committee has been re-constituted by the Board of Directors on April 01, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019, the committee consists of majority of Independent Directors namely Shri K. Ravikumar, as Chairman, Shri Pankaj Pandya and Shri Debashis Bir, as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditor's Report

M/s. Pathak H.D. & Associates, Chartered Accountants were appointed as Auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting of the Company held on September 30, 2015. The Company has received confirmation from M/s. Pathak H.D. & Associates, Chartered Accountants that they are not disqualified from continuing as Auditors of the Company.

The 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.

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 Board of Directors has appointed M/s. Ashita Kaul & Associates, Practicing 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 that the lenders have till date not provided their approval for payment of remuneration to Shri Debashis Bir, as Whole-time Director. The Company has appointed Shri Debashis Bir, as Whole-time Director with due communication and application to the lenders. The Audit Report of the Secretarial Auditors for the financial year ended March 31, 2019 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 Practicing Company Secretary (PCS) on compliance of all applicable SEBI Regulations and circulars/ guidelines issued there under and the copy of the same shall be 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 2017-18 and 2018-19 is put up on the Company's website and can be accessed at the link: http://www.rnaval.co.in/web/rnaval/AGM-2018-19.

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. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. 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.

Corporate Governance

The Company has adopted 'Reliance Group– Corporate Governance Policies and Code of Conduct' which sets out the systems, processes and policies confirming 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 Ashita Kaul, Practising 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.

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, 2019, the CSR Committee of the Board consist of Shri Pankaj Pandya, as Chairman, Shri Debashis Bir, Shri Venkata Rachakonda, as members.

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

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

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

Shri Debashis Bir	**Shri K Ravikumar**
Whole-time Director and CEO	**Chairman**

Place : Mumbai
Date : May 28, 2019

Annexure – A

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.

Annexure – B

Form No. MR-3

Secretarial Audit Report

for the financial year ended March 31, 2019

[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
(Formerly known as Reliance Defence and Engineering Limited)
Pipavav Port, Post Ucchaiya,
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, 2019 ('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, 2019 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 that the lenders have till date not provided their consent for payment of remuneration to Shri Debashis Bir as Whole-time Director*.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. 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.

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.

We 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 Company has revoked / extinguished the 2,42,31,000 Secured, Redeemable, Unlisted, Non-Convertible Debentures of Rs. 100 each aggregating to Rs. 243.31 crores, issued on private placement basis for consideration other than cash, against the Right of Recompense (RoR) to the Lenders as a part of Refinance Scheme, which has since become in-fructuous, due to non-implementation of the Refinancing Scheme and the modified Refinancing Scheme in view of the revised framework for "resolution of stressed assets" issued by Reserve Bank of India vide its Circular No. RBI/201 7-18/131 DBR.No.BP. BC.101/21 .04.048/2017-18 dated February 12, 2018, in pursuance of the applicable Acts and Regulations.

For Ashita Kaul & Associates
Company Secretaries
Proprietor
FCS 6988/CP 6529

Date: 20/05/2019
Place: Mumbai

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

i) The efforts made towards technology consumption : None

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

iv) The expenditure incurred on Research and Development : Nil

C. Foreign Exchange Earnings and Outgo

(₹ In lakh)

Particulars	**2018-19**	2017-18
Foreign Exchange Earned	**134.80**	2580.54
Foreign Exchange Expenses	**2460.72**	9544.88

Annexure - D

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The Company has a robust CSR Policy at group level. All our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the CSR policy, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners.

Our CSR Policy is placed on our website at the link- http://www.rnaval.co.in/web/rnaval/corporate-governance

2. The Composition of the CSR Committee as on March 31, 2019:

Shri Pankaj Pandya, Chairman	Independent Director
Shri Debashis Bir	Whole-time Director and Chief Executive Officer
Shri Venkata Rachakonda	Non- Executive, Non-Independent Director

3. Average net profit of the Company for last three financial years:

₹ (669,38.34) Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above):

Not Applicable

5. Detailsof CSR spent during the financial year:

a. Total amount spent for the financial year: NA

b. Amount unspent, if any: NA

c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and districts where projects or programs were undertaken	Amount Outlay (budget) Project or Program wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Not Applicable							

6. In case the company failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

There are no average net profits for the Company during the previous three financial years, hence, no funds were set aside and spent by the Company towards CSR during the year under review.

7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy of the Company.

Shri Pankaj Pandya **Chairman**	**Shri Debashis Bir** **Whole-time Director and CEO**

May 28, 2019

Dividend Distribution Policy

1. Introduction

In accordance with the Companies Act, 2013 (the 'Act') and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), the Dividend Distribution Policy (the 'Policy') of the Company is as under**:**

2. Objective

The objective of this policy is to establish the parameters to be considered by the Board of Directors ('the Board') of the Company before declaring or recommending dividend.

3. Circumstances under which the shareholders of the listed entities may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

I. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
II. In the event of higher working capital requirement for business operations or otherwise.
III. In the event of inadequacy of cashflow available for distribution.
IV. In the event of inadequacy or absence of profits.
V. In the event of any regulation or contractual restriction.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

4. Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013. The Company aims to appropriately reward shareholders through dividends and to support the future growth.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The dividend pay-out decision of any company depends upon certain external and internal factors**:**

4.1 External Factors:

State of Economy: In case of uncertain or recessionary economic and business conditions, the Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

4.2 Internal Factors:

Considering the fact that the Company's projects have been set up substantially through its wholly owned subsidiary companies, the Company's capacity to pay dividend on standalone basis is dependent in turn on the performance of the subsidiary companies, their cash flow position, their capacity to declare dividend to the parent company having regard to their need to seek approvals from the banks / financial institutions which have part funded the projects as per loan covenants.

In addition to above, the Board will take into account various internal factors while declaring dividend, which inter-alia will include:

- Income/Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand/Business Acquisitions;
- Expansion/Modernization of businesses;
- Additional investments in subsidiaries/associates of the Company;
- Fresh investments into external businesses; and
- Any other factor as deemed fit by the Board.

5. Utilisation of retained earnings

The Company shall endeavor to utilise the retained earnings in following manner:

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of dividend;
- General Corporate purpose; and
- Any other specific purpose as may be approved by the Board.

6. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of share.

7. Review

This policy will be reviewed periodically by the Board.

8. Limitation and amendment

In the event of any conflict between the Act or the Listing Regulations and the provisions of the policy, the Listing Regulations shall prevail over this policy. Any subsequent amendment/modification in the Listing Regulations in this regard shall automatically apply to this policy.

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.

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 orderbook 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 and thereby leading to erosion of confidence amongst clients.

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 following projects are envisaged for issue of RFP's (Request for Proposals), which are likely to fructify as new building contracts in 2020-21:

  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).

  With regard to six nos Conventional Submarine Project (P75 I), Expression of Interest (EoI) has been issued by IHQ MoD (N) to foreign collaborators having design and construction experience, viz., ThyssenKrupp Marine Systems (Germany), Naval Group (France), Saab AB (Sweden) and Rubin Design Bureau (Russia). IHQ MoD (N) is finalizing the issuance of EoI to Indian Shipyards during Q1/Q2 FY 20. RNAVAL is one of the contending shipyards under Strategic Partner model of DPP 2016.

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

  In case of the refit of defence ships there is huge demand due to non availability of ship repair facility such as Dry docks, shiplifts 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 backlogs 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

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

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. Recognizing this capability, the Federal Government of the USA has entered in a Master Ship Repair Agreement (MSRA) with RNAVAL for Repair and Maintenance of their 7th fleet (consisting of 104 Warships and Auxiliary vessels).

Overall Review

Reliance Naval is India's leading private sector Naval shipbuilding Company, with aggregate revenues of about Rs.18,463.04 Lakhs and gross fixed assets of Rs. 6,25,868.27 Lakhs. The highlights of the performance of the Company during Financial Year 2018- 19 are furnished hereunder:

- Total income of Rs. 18,463.04 Lakhs
- Net loss of Rs. 10,48,116.68 Lakhs

During the financial year, the interest expenditure increased to Rs. 1,26,672.73 Lakhs as compared to Rs.65,753.81 Lakh in the previous year. Cash loss for the year was Rs.1,28,870.98 Lakhs as compared to Rs. 80,806.75 Lakhs in the the previous year. Net loss for the year was Rs.10,48,116.68 Lakhs as compared to Rs. 95,579.50 Lakh in the previous year. The capital expenditure during the year was Rs. 12.09 Lakhs. Total gross fixed assets dicreased during the year to Rs. 6,25,868.27 Lakhs, with a nagative net worth of Rs. 10,25,826.33 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 Rs. 10,91,614.88 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 2018-19	FY 2017-18
1.	Debtors Turnover (Days)	**19.98**	7.98
2.	Interest Coverage Ratio	**(0.06)**	(0.47)
3.	Debt Equity Ratio	**(1.06)**	44.32
4.	Operative Profit Margin (%)	**(0.06)**	(0.27)
5.	Net Profit Ratio (%)	**(56.77)**	(2.31)
6.	Return on Net worth	**(1.02)**	(4.29)

Reason for Change in ratios:

Return on Net Worth is changed from (4.29) in Previous Year to (1.02) 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 year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating Rs. 783,304 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to Rs. 75,326 lakhs has 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 Rs. 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 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 audit firms 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, 2019 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 first batch of 42 trained trades-women, who have already been productively engaged in the Pipe-spool fabrication Shop at the shipyard. The second batch of over 50 is currently being selected for undergoing training and certification at our Center of Excellence (COE).

Reliance Naval ensured an appropriate eco-system and infrastructure for the women along with counseling, medical facility, special security and transportation for a highly enabling and comfortable environment, as we intend to train, certify and make over 200 women employable over the next 2 years.

Corporate Governance Report

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. The Board rotates the Chairman of these Committees.

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 his status as an independent director, gives a declaration that she / he meets the criteria of independence as provided under law.

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 advice 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, Chartered Accountants.

M. Compliance with the Listing Regulations

The Company is fully compliant with the mandatory requirements of Listing Regulations.

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

Corporate Governance Report

I. Board of Directors

1. Board Composition – Board strength and representation

As on March 31, 2019, the Board comprised of six 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 K Ravikumar	00119753	Chairman-Independent Director
2.	Shri Pankaj Pandya	00005701	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. Ankita Tallur	08350243	Non-Executive-Non Independent Director
6.	Ms. Shiby Jobby	08350238	Non-Executive-Non Independent Director

Notes:

a. None of the directors is related to any other director.

b. None of the independent directors has any business relationship with the Company.

c. None of the directors has 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. Performance evaluation of Board, its Committees and individual directors.

3. Board meetings

The Board held four meetings during the financial year 2018-19 on April 23, 2018, July 21, 2018, November 02, 2018 and February 04, 2019. The maximum time gap between any two meetings during the year under review was 103 days and the minimum gap was 88 days.

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 2018-19 and the last Annual General Meeting (AGM) held on September 29, 2018 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, 2019 were as under:

Name of Directors	Number of meetings attended out of four meetings held	Attendance at the last AGM held on September 29, 2018	Number of directorships (including RNaval)	Committee(s) Membership / Chairmanship (including RNaval)	
				Membership	Chairmanship
Shri Anil D Ambani (till 25.08.2018)	0	N.A.	N.A.	N.A.	N.A.
Shri Sateesh Seth (till 02.02.2019)	3	Absent	N.A.	N.A.	N.A.

Name of Directors	Number of meetings attended out of four meetings held	Attendance at the last AGM held on September 29, 2018	Number of directorships (including RNaval)	Committee(s) Membership / Chairmanship (including RNaval)	
				Membership	Chairmanship
Shri Debashis Bir	4	Present	2	2	0
Shri Rajesh Dhingra (till 10.08.2018)	0	N.A.	N.A.	N.A.	N.A.
Shri Raj Narain Bhardwaj (till 07.02.2019)	3	Absent	N.A.	N.A.	N.A.
Lt. Gen. Syed Ata Hasnain (Retd.) (till.10.08.2018)	1	N.A.	N.A.	N.A.	N.A.
Shri Rahul Sarin (till.10.08.2018)	1	N.A.	N.A.	N.A.	N.A.
Ms. C R Gayathri (till 14.12.2018)	2	Absent	N.A.	N.A.	N.A.
Shri K Ravikumar	4	Present	4	6	3
Shri Rana Ranjit Rai (till 02.02.2019)	2	Absent	N.A.	N.A.	N.A.
Ms. Ryna Karani (till 02.02.2019)	2	Absent	N.A.	N.A.	N.A.
Shri Rajeev Kumar (till 22.09.2018)	0	N.A.	N.A.	N.A.	N.A.
Shri Raj Kumar (till 02.02.2019)	1	Absent	N.A.	N.A.	N.A.
Ms. Ankita Tallur (w.e.f. 02.02.2019)	1	N.A.	1	1	0
Shri Pankaj Pandya (w.e.f. 30.03.2019)	N.A.	N.A.	1	2	1
Shri Venkata Rachakonda (w.e.f. 30.03.2019)	N.A.	N.A.	9	-	-
Ms. Shiby Jobby (w.e.f. 30.03.2019)	N.A.	N.A.	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.

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. None of the Directors holds directorship in more than 8 listed entities.

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.

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 April 23, 2018.

5. Directorships in other listed entities:

The details of directorships held by the directors of the Company as on March 31, 2019 is as follows:

Name of Director	Other directorships in listed entities	
	Name of Listed entities	Category
Shri K Ravikumar	SPEL Semiconductor Limited	Non-executive, Independent Director
	Reliance Infrastructure Limited	Non-executive, Independent Director
	Reliance Power Limited	Non-executive, Independent Director
Shri Debashis Bir	NIL	NIL
Ms. Ankita Tallur	NIL	NIL
Shri Pankaj Pandya	NIL	NIL
Ms. Shiby Jobby	NIL	NIL
Shri Venkata Rachakonda	NIL	NIL

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	Lt. Gen. Syed Ata Hasnain (Retd.)	10.08.2018	Pre-occupation
2	Shri Rahul Sarin	10.08.2018	Pre-occupation
3	Ms. C R Gayathri	14.12.2018	Pre-occupation
4	Ms. Ryna Karani	02.02.2019	Pre-occupation
5	Shri Rana Ranjit Rai	02.02.2019	Pre-occupation
6	Shri Raj Narain Bhardwaj	07.02.2019	Personal reason

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

The following skills / expertise / competencies have been identified for the effective functioning of the Company and the current Board of Directors of the Company possesses all the below identified skills and competencies:

- Leadership / Operational experience
- Strategic Planning
- Sector / Industry Knowledge & Experience, Research & Development and Innovation
- Technology
- Financial, Regulatory / Legal & Risk Management
- Corporate Governance

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

Shri K Ravikumar, 69 years, was the former Chairman and Managing Director (CMD) of Bharat Heavy Electricals Limited (BHEL), which ranks among the leading companies of the world engaged in the field of power plant equipment. As CMD, he was responsible for maximizing market-share and establishing BHEL as a total solution provider in the power sector. The Company was ranked 9th in terms of market capitalization in India during his tenure at BHEL. He had handled a variety of assignments during his long career spanning over 36 years. His areas of expertise are design and engineering, construction and project management of thermal, hydro, nuclear, gas based power plants and marketing of power projects.

Shri Ravikumar had the unique distinction of having booked USD 25 billion order for BHEL. His vision was to transform BHEL into a world class engineering enterprise. Towards this, he pursued a growth strategy based on the twin plans of building both capacity and capability and this had resulted in an increase in BHEL's manufacturing capacity from 10,000 MW to 20,000 MW per annum. He also introduced new technologies in the field of coal and gas based power plants for the first time in the country, such as supercritical thermal sets of 660 MW and above rating, advance classgas turbines large size CFBC boilers and large size nuclear sets. BHEL has the distinction of having installed over 1,00,000 MW of power plant equipment worldwide.

Shri Ravikumar had also formed a number of strategic tie ups for BHEL with leading Indian utilities and corporates like NTPC Limited, Tamilnadu State Electricity Board, Nuclear Power Corporation of India Limited, Karnataka Power Corporation Limited, Heavy Engineering Corporation Limited to leverage equipment sales and develop alternative sources for equipment needed for the country. He had guided BHEL's technology strategy to maintain the technology edge in the market place with a judicious mix of internal development of technologies with selective external co-operation. He had focused on meeting the customer expectation and has strengthened BHEL's image as a total solution provider.

He possesses M.Tech Degree from the Indian Institute of Technology, Chennai besides Post-Graduate Diploma in Business Administration. He was conferred Alumini Awards from the Indian Institute of Technology, Chennai and the National Institute of Technology, Trichy and was the Ex-Chairman of BOG National Institute of Technology, Mizoram. He has published a number of research papers in the field of power and electronics.

He is also a director on the Board of SPEL Semiconductor Limited, Reliance Power Limited and Reliance Infrastructure Limited.

As on March 31, 2019, Shri K Ravikumar did not hold any equity share of the Company.

Shri Debashis Bir, 64 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.

He currently serves as a director on the Board of Time Shipping Limited. Shri Bir is the Chairman of Securities Allotment and Transfer Committee and Resolution Plan Committee and a member of the Audit Committee, Stakeholders Relationship Committee, Risk Management Committee, and Corporate Social Responsibility Committee of the Board of the Company.

As on March 31, 2019, Shri Debashis Bir did not hold any equity share of the Company.

Ms. Ankita Tallur, 30 Years, holds bachelor's Degree in Industrial and Production Engineering. She has got a total work experience of 8 years in the areas of system integration, human resources, out of which she is associated with Reliance Group for more than 5 years.

As on March 31, 2019, Ms. Ankita Tallur did not hold any equity share of the Company.

Shri Pankaj Pandya, 76 years, holds a postgraduate degree in Power Engineering. He is also a Law graduate and holds Diploma in Computer Management. He has rich experience of 55 years in the engineering, commercial issues, legal matters, regulatory & tariff fixation, public relations, etc. He is a member of Institution of Engineers and a fellow member of the Indian Council of Arbitration. He has been associated with the reform process in power sector since conception till making of legislation. He was also part of delegation of Senior Officials of Government and Industry to USAID to study on Clean Development Mechanism, Efficient Energy use, SO2 Emission, etc.

Shri Pankaj Pandya is the Chairman of Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and a member of the Audit Committee, Securities Allotment and Transfer Committee and Resolution Plan Committee, of the Board of the Company.

As on March 31, 2019, Shri Pankaj Pandya did not hold any equity share of the Company.

Ms. Shiby Jobby, 40 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, 2019, Ms. Shiby Jobby did not hold any equity share of the Company.

Shri Venkata Rachakonda, 54 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, Independent TV 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, 2019, Shri 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

In terms of Section 177 of the Act and the Listing Regulations, the Company has an Audit Committee. 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 Committee was re-constituted by the Board of Directors of the Company on April 01, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019, the Audit Committee comprised of two independent directors and one executive director of the Company viz. Shri K Ravikumar as Chairman, Shri Pankaj Pandya and Shri Debashis Bir as members. All the members of the committee possess financial / accounting expertise / exposure.

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.

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.

    Explanation (i): The term "related party transactions" shall have the same meaning as provided in Regulation 23 of the Listing Regulations.

    The Audit Committee is also authorized to:

    a. Investigate any activity within its terms of reference;
    b. Have full access to information contained in the records of the Company;
    c. Obtain outside legal and other professional advice;
    d. Secure attendance of outsiders with relevant expertise, if it considers necessary;

e. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;

f. Review financial statements before submission to the Board; and

g. 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 2018-19

The Audit Committee held its meetings on April 23, 2018, July 21, 2018, November 02, 2018 and February 04, 2019. The maximum gap between any two meetings during the year under review was 103 days and the minimum gap was 88 days, respectively.

Attendance at the meeting of the Audit Committee held during financial year 2018-19, is as follow:

Members	Number of Meetings	
	Held during the tenure	Attended
Shri K Ravikumar	4	4
Shri Debashis Bir	4	4
Ms. Ryna Karani (till 02.02.2019)	3	2
Shri Rana Ranjit Rai (till 02.02.2019)	3	2
Shri R N Bhardwaj (w.e.f. 02.02.2019 and till 07.02.2019)	1	1
Shri Pankaj Pandya (w.e.f. 30.03.2019)	0	0

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

In terms of Section 178 of the Act and the Listing Regulation, the Company has a Nomination and Remuneration Committee. The composition and terms of reference of Nomination and Remuneration Committee are in compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws. The Committee was reconstituted by Board of Director of the Company on November 02, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019 the Nomination and Remuneration Committee comprises of three directors, viz. Shri Pankaj Pandya as Chairman, Shri K Ravikumar and Ms. Shiby Jobby, as members.

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;

f. To carry out evaluation of every Director's performance.

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, 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 Nomination and Remuneration Committee held its meeting on April 23, 2018.

Attendance at the meeting of the Nomination and Remuneration Committee held during 2018-19, is as follows:

Members	**Number of Meetings**	
	Held during the tenure	**Attended**
Lt. Gen. Syed Ata Hasnain (Retd.) (till August 10, 2018)	1	1
Shri Rahul Sarin (till August 10, 2018)	1	1
Ms. Ryna Karani (till February 02, 2019)	1	-
Shri Rana Ranjit Rai (till February 02, 2019)	1	1
Shri Raj Narain Bhardwaj (w.e.f. November 02, 2018- till February 07, 2019)	-	-
Shri K Ravikumar (w.e.f. February 02, 2019)	-	-
Ms. Ankita Tallur (w.e.f. February 02, 2019 - till March 30, 2019)	-	-
Shri Pankaj Pandya (w.e.f. March 30, 2019)	-	-
Ms. Shiby Jobby (w.e.f. March 30, 2019)	-	-

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, 2019.

(₹ In Lakhs)

Sr No	**Name**	**Designation**	**Sitting Fees**	**Commission**	**Total**
1.	Shri Anil D Ambani (till 25.08.2018)	Non Executive Chairman	-	-	-
2.	Shri Sateesh Seth (till 02.02.2019)	Non Executive Director	1.20	-	1.20
3.	Shri Rajesh Dhingra (till 10.08.2018)	Non Executive Director	-	-	-
4.	Shri Raj Narain Bhardwaj (till 07.02.2019)	Independent Director	1.60	-	1.60
5.	Lt. Gen. Syed Ata Hasnain (Retd.) (till 10.08.2018)	Independent Director	0.80	-	0.80
6.	Ms. C R Gayathri (till 14.12.2018)	Independent Director	1.20	-	1.20
7.	Shri Rahul Sarin (till 10.08.2018)	Independent Director	1.60	-	1.60
8.	Shri K Ravikumar	Independent Director	3.60	-	3.60
9.	Shri Rana Ranjit Rai (till 02.02.2019)	Independent Director	2.00	-	2.00
10.	Ms Ryna Karani (till 02.02.2019)	Independent Director	2.40	-	2.40

Sr No	Name	Designation	Sitting Fees	Commission	Total
11.	Shri Rajeev Kumar (till 22.09.2018)	Nominee Director	-	-	-
12.	Shri Raj Kumar (till 02.02.2019)	Nominee Director	0.40	-	0.40
13.	Ms. Ankita Tallur (w.e.f. 02.02.2019)	Non Executive Director	-	-	-
14.	Shri Pankaj Pandya (w.e.f. 30.03.2019)	Independent Director	-	-	-
15.	Ms. Shiby Jobby(w.e.f. 30.03.2019)	Non Executive Director	-	-	-
16.	Shri Venkata Rachakonda (w.e.f. 30.03.2019)	Non Executive Director	-	-	-
		Total	**14.80**		**14.80**

Notes:

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 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.

During the year, in terms of the approval granted by the shareholders, Shri Debashis Bir, Whole-time Director was paid remuneration as follows:

Sr. No.	Particulars	(₹ In lakhs)
1	Remuneration	63.85
2	Performance Link Incentives	3.96
3	Perquisites	Nil
4	Benefits, bonuses, stock options, pension, etc.	Nil
5	Others	3.61

IV. Stakeholders Relationship Committee

In terms of Section 178 of the Act and Listing Regulations, the Company has a Stakeholders Relationship Committee ('SRC'). The composition and terms of reference of SRC are in compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws.

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

a. To 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.

b. To review the measures taken for effective exercise of voting rights by shareholders.

c. 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.

d. 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.

The Committee was re-constituted by the Board of Directors of the Company on April 01, 2018, November 02, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019, the Committee Comprises of four directors viz. Shri Pankaj Pandya as Chairman and Shri Debashis Bir, Shri K RaviKumar and Ms. Shiby Jobby as members.

Attendance at the meeting of the Stakeholders Relationship Committee held during the financial year 2018-19 is as follows:

The Stakeholders Relationship Committee held its meetings on April 23, 2018, July 21, 2018, November 02, 2018 and February 04, 2019 during the financial year 2018-19. The maximum gap between any two meetings during the year under review was 103 days and the minimum gap was 88 days, respectively.

Members	Number of Meetings	
	Held during the tenure	Attended
Ms. Ryna Karani (till 02.02.2019)	3	2
Shri Rahul Sarin (till 10.08.2018)	2	1
Shri Debashis Bir	4	4
Shri Rana Ranjit Rai (from 02.11.2018 till 02.02.2019)	0	0
Shri K Ravikumar (w.e.f. 02.02.2019)	1	1
Ms. Ankita Tallur (w.e.f. 02.02.2019)	1	1
Shri Pankaj Pandya (w.e.f. 30.03.2019)	0	0
Ms. Shiby Jobby (w.e.f. 30.03.2019)	0	0

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

V. 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.

VI. Corporate Social Responsibility (CSR) Committee

In terms of Section 135 of the Act, the Company has a Corporate Social Responsibility (CSR) Committee. The composition and terms of reference of CSR Committee are in compliance with the applicable provisions of the Act and other applicable laws. The Committee was reconstituted by the Board of Director of the Company on April 01, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019, the CSR Committee comprises of Shri Pankaj Pandya as Chairman and Shri Debashis Bir and Shri Venkata Rachakonda as members.

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.

The CSR Committee held one meeting on April 23, 2018 during the financial year 2018-19, which was attended by Shri Rahul Sarin, Shri Debashis Bir and Ms C R Gayathri.

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

VII. Risk Management Committee

The Board of Directors has voluntarily constituted a Risk Management Committee (RMC). The Committee was reconstituted by the Board of Directors of the Company on April 01, 2018, November 02, 2018, February 02, 2019 and March 30, 2019. As on March 31, 2019 the RMC comprises of three directors Shri K Ravikumar as Chairman, Shri Debashis Bir, Shri Venkata Rachakonda and Shri Nikhil Jain (Chief Financial Officer), as members.

The Company Secretary acts as Secretary to the Committee.

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.

The minutes of the meetings of all the Committees of the Board of Directors are placed before the Board.

During the year, the Board has accepted all the recommendations of all the Committees.

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)
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
2015-16	August 20, 2016 at 2.00 P.M.	No

All the above Annual General Meetings were held at the registered office of the Company at Pipavav Port, Post Ucchaiya, 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 2018-19.

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 Financial Express (English) newspaper circulating substantially the whole of India and in Saurashtra Samachar (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 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 Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company e-mails the soft copies of Annual report to all those members whose e-mail ID's are available with its Register and Transfer Agent.

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@karvy.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.

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:

a. Financial statement, in particular the investments made by unlisted subsidiary companies are reviewed periodically by the Audit Committee of the Company.

b. Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.

c. 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.

d. Review of Risk Management process by the Risk Management Committee/Audit Committee/Board.

XIV. Disclosures

a. 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.

b. Related Party Transactions

During the financial year 2018-19, 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) 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 Whole-time Director and Chief Executive Officer 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 2018-19."

Debashis Bir
Whole-time Director and Chief Executive Officer

e. CEO and CFO certification

Shri Debashis Bir, Whole-time Director and Chief Executive Officer and Shri Nikhil Jain, 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.

f. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2019 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 Ashita Kaul & Associates, a practising 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 froms part of this Annual Report.

h. Payment to Statutory Auditors

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

Sr. No.	Particulars	Amount (₹ In Lakhs)
1	Audit Fees	50.00
2	Certification Charges	0.57
3	Other Matters	-
Total		**50.57**

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 2018-19: Not applicable

k. During the financial year 2018-19, the Company has not raised funds through preferential allotment or qualified institutional placement.

XV. Policy on prohibition of insider trading

The Company has a Code of Conduct for Prevention of Insider Trading and code for fair disclosure of Unpublished Price Sensitive Information ('Code') in accordance with the guidelines specified under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), as amended. The Board has appointed Company Secretary as 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.

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, 2018	14	3577
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	Nil	N.A.
3	Number of shareholders to whom shares were transferred from suspense account during the year.	Nil	N.A.
4	Aggregate number of shareholders and the outstanding shares lying in the suspense account as on March 31, 2019.	14	3577

The Voting rights on the shares outstanding in the suspense account as on March 31, 2019, 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**
   There are no audit qualifications on the financial statement of the Company for the year 2018-19.
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	• Composition & 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
2.	Maximum number of Directorship	17A	Yes	• Directorship in listed entities
3.	Audit Committee	18	Yes	• Composition & Meetings • Power of the Committee • Role of the Committee and review of information by the Committee

Corporate Governance Report

Sr. No.	Particulars	Regulations	Compliance Status	Compliance Observed
4.	Nomination and Remuneration Committee	19	Yes	• Composition • Role of the Committee
5.	Stakeholders Relationship Committee	20	Yes	• Composition • Role of the Committee
6.	Risk Management Committee	21	Not Applicable	• Composition • Role of the Committee
7.	Vigil Mechanism	22	Yes	• Review of Vigil Mechanism for Directors and employees • Direct access to Chairperson of Audit Committee
8.	Related Party Transactions	23	Yes	• 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
9.	Subsidiaries of the Company	24	Yes	• 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	• Secretarial Compliance Report
11.	Obligations with respect to Independent Directors	25	Yes	• 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	• 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	• Compliance with discretionary requirements • Filing of quarterly compliance report on Corporate Governance
14.	Website	46(2) (b) to (i)	Yes	• 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

Certificate on Corporate Governance by Practicing Company Secretary

To,
The Members
Reliance Naval and Engineering Limited
Pipavav Port, Post Ucchaiya, 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 March 31, 2019, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations, 2015") as referred to in Regulation 15(2) of the SEBI Listing Regulations, 2015 for the period from April 01, 2018 to March 31, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementations thereof, as adopted by the Company for ensuing compliance with the conditions of the 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 SEBI Listing Regulations, 2015 for the year ended on March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and should not be used by any other person or for any other purpose.

For **Ashita Kaul & Associates**
Company Secretaries

Ashita Kaul
Proprietor
FCS 6988/ CP 6529

May 20, 2019
Mumbai

No Disqualification Certificate from Company Secretary in Practice

To,
The Members
Reliance Naval and Engineering Limited
Pipavav Port, Post Ucchaiya, 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 and having registered office at Pipavav Port, Post Ucchaiya, Via Rajula, Dist. Amreli- 365 560, Gujarat (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 & 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 March 31, 2019 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.

Sr. No.	Name of Director	DIN	Date of appointment in Company	Date of Cessation
1.	Mr. K Ravikumar	00119753	29/09/2017	-
2.	Mr. Debashis Bir	01932925	01/04/2018	-
3.	Ms. Ankita Tallur	08350243	02/02/2019	-
4.	Mr. Pankaj Pandya	00005701	30/03/2019	-
5.	Ms. Shiby Jobby	08350238	30/03/2019	-
6.	Mr. Venkata Rachakonda	07014032	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 **Ashita Kaul & Associates**
Company Secretaries

Ashita Kaul
Proprietor
FCS 6988/ CP 6529

May 20, 2019
Mumbai

Investor Information

Important Points

Investor should hold securities in dematerialised form as transfer of shares in physical form will no more be 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 due to the following:

- 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.

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 Karvy, 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 favourwithout 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 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 22nd Annual General Meeting (AGM) of the Company will be held on Saturday, September 28, 2019 at 10.30 A.M. at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via- Rajula, Dist. Amreli- 356 560.

E-voting

The Members can cast their vote online from Tuesday, September 24, 2019 at 10:00 A.M. (IST) to Friday, September 27, 2019 at 5:00 P.M. (IST).

Financial Year

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

Investor Information

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)

Karvy Fintech Private Limited
(Unit: Reliance Naval and Engineering Limited)
Karvy Selenium Tower- B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
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@karvy.com
Website: www.karvyfintech.com

Karvy Computershare Private Limited (KCPL), the erstwhile Registrar and Transfer Agent of the Company has transfered its operations to Karvy Fintech Private Limited (KFPL), with effect from November 17, 2018, pursuant to a composite scheme of arrangement and amalgamation inte-ralia between KCPL and KFPL

Dividend announcements

The Board of Directors of the Company do not recommend any dividend for the financial year 2018-19.

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:

a. The relaxation shall only be available for transfers executed after January 01, 2016.

b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.

c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

Shareholding Pattern

Category of Shareholders			As on 31.03.2019		As on 31.03.2018	
			Number of Shares	**%**	Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group					
	(i)	Indian	**22,01,03,025**	**29.84**	22,01,03,025	29.84
	(ii)	Foreign	**0.00**	**0.00**	0.00	0.00
	Total Shareholding of Promoter and Promoter Group		**22,01,03,025**	**29.84**	22,01,03,025	29.84
(B)	Public Shareholding					
	(i)	Institutions	**86970207**	**11.79**	11,53,68,976	15.64
	(ii)	Non-institutions	**430518031**	**58.37**	40,21,19,262	54.52
	Total Public Shareholding		**517488238**	**70.16**	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

Distribution of shareholding

Number of Shares	No. of Shareholders as on 31.03.2019		Total equity shares as on 31.03.2019		No. of Shareholders as on 31.03.2018		Total equity shares as on 31.03.2018	
	Number	**%**	**Number**	**%**	Number	%	Number	%
1 to 500	**1,11,047**	**72.75**	**1,94,87,236**	**2.64**	115,604	78.41	1,96,58,762	2.66
501 to 5,000	**37,040**	**24.26**	**5,72,84,991**	**7.77**	29,074	19.72	4,23,38,633	5.74

Investor Information

5,001 to 1,00,000	**4,460**	**2.92**	**6,54,75,397**	**8.88**	2,637	1.79	3,92,84,681	5.33
Above 1,00,000	**107**	**0.07**	**59,53,43,639**	**80.71**	111	0.08	63,63,09,187	86.26
Total	**152,654**	**100.00**	**73,75,91,263**	**100.00**	**1,47,426**	**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, 2019, 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	
	2018-19	**2017-18**	**2018-19**	**2017-18**	**31.3.2019**	**31.3.2018**
Securities and Exchange Board of India	**0**	0	**0**	0	**0**	0
Stock Exchanges	**1**	2	**1**	2	**0**	0
NSDL/CDSL	**0**	0	**0**	0	**0**	0
Direct from investors	**2**	0	**2**	0	**0**	0
Total	**3**	**2**	**3**	**2**	**0**	**0**

Analysis of grievances

Particulars	2018-19		2017-18	
	Number	**Percentage**	Number	Percentage
Non-receipt of dividend warrants	**0**	**0**	0	0
Non-receipt of Annual Report	**2**	**66.67**	2	100
Others	**1**	**33.33**	0	0
Total	**3**	**100**	**2**	**100**

There were no complaints pending as on March 31, 2019.

Notes:

1. The Shareholder Base was 1,52,654 as of March 31, 2019 and 1,47,426 as of March 31, 2018.
2. 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
4	July 31, 2003	Preferential Allotment	10	30,200,000	67,750,000

Investor Information

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, 2019				737,591,263	737,591,263

Stock Price and Volume

Financial Year 2018-19	BSE Limited			National Stock Exchange of India Limited		
	High	Low	Volume	High	Low	Volume
	₹	₹	Nos.	₹	₹	Nos.
April 2018	31.80	16.85	2,98,94,480	31.80	16.80	18,95,03,437
May 2018	20.15	12.20	9,00,03,250	20.15	12.05	52,95,55,426
June 2018	16.40	11.70	64,82,860	16.40	11.65	4,46,65,096
July 2018	13.71	11.33	46,61,697	13.65	11.40	2,76,07,753
August 2018	20.60	14.01	1,20,74,176	20.70	13.90	5,78,32,838
September 2018	17.80	11.80	61,70,925	17.95	11.80	2,66,88,770
October 2018	13.24	11.00	41,43,975	13.35	11.05	2,08,57,970
November 2018	15.21	11.55	35,67,973	15.20	12.30	2,72,63,675
December 2018	17.70	11.45	69,13,619	17.70	11.50	5,91,78,004
January 2018	14.50	11.32	23,09,467	14.30	11.30	2,12,40,977
February 2018	12.09	7.55	64,42,294	12.15	7.55	4,21,67,172
March 2018	12.79	9.46	49,13,128	12.70	9.45	2,35,06,633

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
PhirozeJeejeebhoy 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 2019-20 has been paid 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, 2019

Period	RNAVAL (percent)	Sensex BSE (percent)	Nifty NSE (percent)
2018-19	-60.58	17.30	14.93
2 years	-83.93	30.56	26.71
3 years	-84.09	52.60	50.22

Key Financial Reporting Dates for the Financial Year 2019-20

Unaudited results for the first quarter ending June 30, 2019	:	On or before August 14, 2019
The second quarter/ half year ending September 30, 2019	:	On or before November 14, 2019
The third quarter/ nine months ending December 31, 2019	:	On or before February 14, 2020
Audited results for the financial year 2019-20	:	On or before May 30, 2020

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.cdslindia.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 Karvy Fintech Private Limited at the below mentioned address for speedy response:

Karvy Fintech Private Limited
(Unit: Reliance Naval and Engineering Limited)
Karvy Selenium, Tower - B
Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032, Telangana.
Email id: ris.rdel@karvy.com
Website: www.karvyfintech.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 3303 2000
Fax: +91 22 3303 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 3303 2406
Fax: +91 22 3303 2790
Email: rdel.investors@relianceada.com
Website: www.rnaval.co.in

Site Locations:

a. Pipavav Port, Post Ucchaiya, Via Rajula, Dist. Amreli 365 560, Gujarat

b. Village Rampara- II, Taluka Rajula, District Amreli- 365 560, Gujarat

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE NAVAL AND ENGINEERING LIMITED (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **RELIANCE NAVAL AND ENGINEERING LIMITED (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED) ("the Company")**, which comprise the Standalone Balance sheet as at March 31, 2019, 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, 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, 2019 and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

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 opinion.

Material Uncertainty related to Going Concern

Note no. 36 to the Standalone Financial Statements regarding preparation of standalone financial statements of the Company on going concern basis, notwithstanding the fact that the Company continue 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, etc. for the reasons stated in the said note. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise requisite finance / generate cash flows in future to meet it's obligations.

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.

Key Audit Matter	How our audit addressed the key audit matter
1) Impairment of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP):	
Annually Management reviews whether there are any indicators of impairment on the PPE and CWIP of the Company (Refer Note 1 (g) (XIV) to the Standalone Financial Statements) by reference to the requirements under Ind AS 36 – "Impairment of Assets". Accordingly, Management has identified impairment indicators (operating losses, negative net-worth, low value order book, Industry overlook etc.) in the Company. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of the PPE and CWIP to their recoverable amount to determine whether impairment was required to be recognised. For the purpose of above impairment testing the Management has determined the recoverable value based on valuation reports. These conclusions are dependent upon significant management judgments, including in respect of: – Estimated utilization, cash flows, time line for getting new sales orders, political environment etc.	Our audit procedures included, among others: ● Updating our understanding of management's annual impairment testing process. ● Ensuring the methodology of the impairment exercise continues to comply with the requirements of Indian Accounting Standards (Ind AS) as adopted, including evaluating management's assessment of indicators of impairment against indicators of impairment specified within Ind AS 36. ● Evaluating the independent external valuer's competence, capabilities and objectivity. ● Understanding the methodologies used by the external valuer to estimate resale values. ● Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 36.

Key Audit Matter	How our audit addressed the key audit matter
During the year ended March 31, 2019 the Company has recorded an impairment provision of ₹ 783,304 Lakhs to reduce the aggregate carrying value of PPE to ₹ 144,600 Lakhs and CWIP to ₹ 10,277 Lakhs, to their estimated recoverable values, as per the valuation report. Refer Note no. 2 to the Standalone Financial Statements. We considered this area as key matter due to the significance of the carrying value of the assets being assessed and due to the level of management judgments impacting the impairment assessment.	
2) Deferred Tax Assets (DTA) and Credit balance of Minimum Alternate Tax (MAT)	
As disclosed in Note no. 5 and 6 to the Standalone Financial Statements, the Company has not recognised the DTA of ₹ 1,23,420.02 Lakhs (including MAT credit entitlement of ₹ 3,338.18 Lakhs). The Management of the Company has forecasted the future taxable profit and concluded not to recognise the DTA in the books of accounts. We considered this area as key matter due to the: - significance of the carrying amount of DTA and MAT and - significant judgment is required in forecasting the future taxable profit including growth rate, etc.	Our audit procedures included, among others: ● Evaluating the recognition and measurement of the current and deferred tax assets and liabilities by analyzing the current and deferred tax calculations for the compliance with the tax law. ● Assessing the management's judgments relating to the forecasts of future taxable profit and evaluating the reasonableness of the assumptions underlying the preparation of these forecasts including the consistency of the assumptions used with those used to evaluate the recoverable amount of Company's cash generating units where relevant. ● Assessing the appropriateness of the disclosures included in the Standalone Financial Statements in respect of current and deferred tax balances as per Ind AS 12 – "Income Taxes".
3) Litigation Matters and Contingent Liabilities	
The Company is subject to number of significant litigations. Major risks identified by the Company in that area related to stamp duty, winding-up petitions, applications filed by certain lenders / creditors to NCLT under IBC for the recovery of outstanding dues, Arbitration with the customer / vendors / service providers, invocations of corporate guarantees by the lenders of a subsidiary and bank guarantees by the customers, etc. The amount of litigation may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant Management judgment. (Refer Note No. 33 to the Standalone Financial Statements) Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. Accordingly, it has been considered as a key matter.	Our audit procedures included, among others: ● Assessing the procedures implemented by the Company to identify and gather the risks it is exposed to. ● Obtaining an understanding of the risk analyses performed by the Company, with relating supporting documentation, and studying written statements from internal and external legal experts, where applicable. ● Discussion with the management on the development in these litigations during the year ended March 31, 2019. ● Enquiring from the company's legal counsel (internal) and study the responses as received from them. ● Verification that the accounting and / or disclosure as the case may be in the Standalone Financial Statements made by the Company is in accordance with the assessment of legal counsel / management. ● Obtaining representation letter from the management on the assessment of these matters as per SA 580 (revised) – Written representations.

Independent Auditor's Report

Other Information

The Company's Board of Directors is 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 Standalone Financial Statements and our auditor's report thereon.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 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 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 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.

Independent Auditor's Report

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 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 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. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.

   e. The matter 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. On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors and also based on legal opinion obtained by the Company, with reference to the cancellation of the NCDs issued by the Company to it's 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. 16.2 to the Standalone Financial Statements, none of the directors is disqualified as on March 31, 2019 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 ₹ 74.28 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. 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. 33.1 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**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No.46806

Place: Mumbai
Dated: May 28, 2019

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, 2019)

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 (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)** ('the Company') as of March 31, 2019 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

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No.46806

Place: Mumbai
Dated: May 28, 2019

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 on the Standalone Financial Statements for the year ended March 31, 2019)

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 during the year, 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 Service 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, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2019 for a period of more than six months from the date they became payable except income tax amounting to ₹ 118.20 Lakhs.

b. Details of dues of Income tax and dues to Excise Department aggregating to ₹ 3991.20 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 2017-18	51.28	Commissioner of Income Tax
CENVAT Credit Rules, 2004	Penalty under Central Excise Act,1944	2010-11 to 2017-18	3939.92	Commissioner of Central Excise
		Total	**3991.20**	

* Net of amount deposited under protest

viii. 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, 2019 the Company has defaulted in repayment of loans (including payment of interest on loans and Non Convertible Debentures (NCD)) to banks and financial institutions aggregating to ₹ 6,46,436.32 Lakhs. Lender wise details of such defaults are as under:

Annexure "B" to the Independent Auditor's Report

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	2,415.83	1,06,905.76
IDBI Bank	2,586.94	87,398.00
EXIM Bank	1,631.30	47,317.78
State Bank of Patiala	786.35	34,781.03
UCO Bank	463.44	19,994.25
Oriental Bank of Commerce	350.97	13,413.06
Life Insurance Corporation	237.05	9,226.79
Punjab National Bank	651.93	35,518.46
United Bank of India	470.74	16,476.09
Karnataka Bank	86.90	3,489.52
Karur Vyasa Bank	94.32	3,639.97
Bank of India	408.06	13,064.80
Central Bank of India	1,402.34	54,494.99
IFCI Ltd	646.38	22,615.74
Jammu & Kashmir Bank	818.08	26,645.58
Corporation Bank	923.15	26,817.29
Bank of Maharashtra	261.32	9,103.55
IIFC UK	223.73	25,874.30
Punjab & Sind Bank	74.56	2,417.11
State Bank of India	816.42	36,000.28
Dena Bank	367.84	6,797.24
State Bank of Mysore	18.46	814.90
Vijaya Bank	279.17	8,258.39
HUDCO	594.76	18,024.12
IL&FS Bank	18.09	719.19
Total	**16,628.13**	**6,29,808.19**

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 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 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**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No.46806

Place: Mumbai
Dated: May 28, 2019

Balance Sheet as at March 31, 2019

₹ in Lakhs

	Particulars	Note	As at March 31, 2019		As at March 31, 2018	
I	**ASSETS**					
(1)	**Non Current Assets**					
	Property, Plant and Equipment	2	**1,44,600.02**		4,86,777.12	
	Capital Work in Progress	2	**10,277.21**		4,48,618.26	
	Intangible Assets	2	**-**		9,813.15	
			1,54,877.23		9,45,208.53	
	Financial Assets					
	Investments	3	**2,050.21**		2,087.00	
	Other Financial Assets	4	**3,440.27**		1,098.77	
			5,490.48		3,185.77	
	Deferred Tax Assets (net)	5	**-**		34,492.93	
	Other Non Current Assets	6	**7,959.64**		11,379.05	
			7,959.64		45,871.98	
				1,68,327.35		9,94,266.28
(2)	**Current Assets**					
	Inventories	7	**62,216.62**		69,841.70	
			62,216.62		69,841.70	
	Financial Assets					
	Trade Receivables	8	**555.17**		1,465.46	
	Cash and Cash Equivalents	9	**5,005.97**		7,678.00	
	Other Bank Balances	10	**572.57**		9,906.26	
	Current Loans	11	**-**		292.66	
	Other Current Financials Assets	12	**82.23**		11,052.41	
			6,215.94		30,394.79	
	Current Tax (net)		**889.77**		1,349.65	
	Other Current Assets	13	**98,360.43**		81,821.61	
			99,250.20		83,171.26	
				1,67,682.76		1,83,407.75
	TOTAL ASSETS			**3,36,010.11**		11,77,674.03
II	**EQUITY AND LIABILITIES**					
(1)	**Equity**					
	Share Capital	14	**73,759.13**		73,759.13	
	Other Equity	15	**(10,99,585.36)**		(51,468.68)	
				(10,25,826.23)		22,290.45
(2)	**Liabilities**					
	Non Current Liabilities					
	Financial Liabilities					
	Borrowings	16	**22,762.02**		96,753.19	
			22,762.02		96,753.19	
	Provisions	17	**204.26**		241.24	
	Other Non Current Liabilities	18	**5,624.21**		5,624.21	
			5,828.47		5,865.45	
				28,590.49		1,02,618.64
	Current Liabilities					
	Financial Liabilities					
	Borrowings	19	**5,26,614.08**		3,68,489.53	
	Trade Payables	20				
	(a) Total outstanding dues of micro and small enterprises		**851.80**		265.52	
	(b) Total outstanding dues of creditors other than micro and small enterprises		**27,282.66**		28,514.92	
	Other Current Financial Liabilities	21	**7,37,372.49**		5,99,948.79	
			12,92,121.03		9,97,218.76	
	Other Current Liabilities	22	**5,992.63**		8,591.54	
	Provisions	23	**35,132.19**		46,954.64	
			41,124.82		55,546.18	
				13,33,245.85		10,52,764.94
	TOTAL EQUITY AND LIABILITIES			**3,36,010.11**		11,77,674.03
	Significant Accounting Policies	1				
	Notes to Financial Statements	2 to 47				

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place : Mumbai
Date : May 28, 2019

Statement of Profit and Loss for the year ended March 31, 2019

₹ in Lakhs

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from Operations	24	**18,000.35**	33,517.10
Other Income	25	**462.69**	7,867.15
Total Income		**18,463.04**	41,384.25
Expenses			
Cost of Materials Consumed	26	**19,637.69**	34,628.09
Cost of Raw Material Sold		**4,722.09**	-
Changes in Inventories of Work in Progress & Scrap	27	**(7,094.52)**	(159.82)
Employee Benefits Expenses	28	**2,450.59**	3,376.66
Other Expenses	30	**(189.25)**	14,606.88
Total Expenses		**19,526.60**	52,451.81
Total Profit/(Loss) from Operation before Depreciation/Amortisation and Finance Cost		**(1,063.56)**	(11,067.56)
Finance Costs	29	**1,27,807.42**	69,739.19
Depreciation and Amortisation Expenses	2	**6,565.81**	19,806.81
Loss before Exceptional Items and Tax		**(1,35,436.79)**	(1,00,613.56)
Exceptional Items	31	**(8,74,661.50)**	(16,239.65)
Loss Before Tax		**(10,10,098.29)**	(1,16,853.21)
Tax Expense			
- Tax of earlier Years		**(3,508.13)**	-
- Deferred Tax Credit/ (Reversal)	5	**(34,498.30)**	21,245.47
Loss for the year		**(10,48,104.72)**	(95,607.74)
Other Comprehensive Income			
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		**(17.33)**	40.87
Income Tax effect		**5.37**	(12.63)
Total Other Comprehensive Income for the year		**(11.96)**	28.24
Total Comprehensive Income for the year		**(10,48,116.68)**	(95,579.50)
Earnings per Equity Share of ₹ 10 each	32		
- Basic (In Rupees)		**(142.10)**	(12.96)
- Diluted (In Rupees)		**(142.10)**	(12.96)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 47		

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Statement of Changes in Equity for the year ended March 31, 2019

A Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	**73,75,91,263.00**	**73,759.13**	73,62,06,269	73,620.63
Add: Shares Issued during the year on preferential basis	**-**	**-**	13,84,994	138.50
Equity Shares at the end of the year	**73,75,91,263.00**	**73,759.13**	73,75,91,263	73,759.13

B Other Equity

₹ in Lakhs

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 1, 2017	**6,254.96**	**1,49,327.83**	**22,791.35**	**(1,35,013.18)**	**66.36**	**43,427.32**
Add/(Less):						
Loss for the year	-	-	-	(95,607.74)	-	(95,607.74)
Other Comprehensive Income	-	-	-	-	28.24	28.24
Securities Premium on issue of Share	-	683.50	-	-	-	683.50
As at March 31, 2018	**6,254.96**	**1,50,011.33**	**22,791.35**	**(2,30,620.92)**	**94.60**	**(51,468.68)**
As at April 01, 2018	6,254.96	1,50,011.33	22,791.35	(2,30,620.92)	94.60	(51,468.68)
Add/(Less):						
Loss for the year	-	-	-	(10,48,104.72)	-	(10,48,104.72)
Other Comprehensive Income	-	-	-	-	(11.96)	(11.96)
	-	-	-	(10,48,104.72)	(11.96)	(10,48,116.68)
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)**

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

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Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Cash Flow Statement for the year ended March 31, 2019

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
A	**Cash Flow from Operating Activities**		
	Net Loss before Tax	**(10,10,098.29)**	(1,16,853.21)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	**6,565.81**	19,806.81
	Exceptional Items	**8,74,661.50**	16,239.65
	Interest Income	**(452.28)**	(940.43)
	Dividend on Current Investments	**(2.55)**	(6.50)
	Fair Valuation Impact	**-**	(6,312.19)
	Loss on Sale of Plant, property and equipments (net)	**3.57**	1.05
	Finance Costs	**1,27,807.42**	69,739.19
	Provision for Liquidated Damages	**530.41**	8,494.21
	Provision for estimated cost over contract revenue	**(284.98)**	(4,206.72)
	Provision for Impairment of Current Assets	**36.79**	10,289.30
	Acturial gains/(losses) on defined benefit plans	**(17.33)**	40.87
	Cost Estimated for Revenue Recognised	**(12,073.57)**	(24,853.12)
	Bad debts/Advances and other Balances Written off (net)	**755.48**	(587.30)
	Foreign Exchange Loss/(Gain) (net)	**1,600.58**	676.58
	Operating profit/(loss) before working capital changes	**(10,967.44)**	(28,471.81)
	Adjusted for		
	Inventories	**7,625.08**	7,696.78
	Trade and Other Receivables	**(15,525.30)**	(16,021.85)
	Trade and Other Payables	**(7,438.91)**	11,441.97
	Cash Used in Operations	**(26,306.57)**	(25,354.91)
	Direct Taxes (Paid) / Refund	**459.88**	833.27
	Net Cash Used in Operating Activities	**(25,846.69)**	(24,521.64)
B	**Cash Flow from Investing Activities**		
	Purchase of Property, plant and equipment and Capital Work in Progress	**(12.09)**	(1,498.50)
	Sale of Property, plant and equipment	**(12.21)**	0.18
	Advance to Subsidiaries (Net)	**-**	3,362.38
	Sale of Investments	**-**	1,000.00
	FD kept with bank	**6,992.19**	(1,574.04)
	Interest Received	**1,133.16**	2,089.36
	Dividend Received on Current Investments	**2.55**	26.57
	Net Cash (used)/Generated (in)/from Investing Activities	**8,103.60**	3,405.95

Cash Flow Statement for the year ended March 31, 2019

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
C	**Cash Flow from Financing Activities**		
	Repayment of Long Term Borrowings	**(1,20,847.51)**	(11,883.60)
	Short Term Borrowings (Net)	**1,58,124.55**	1,06,699.86
	Interest Paid	**(22,205.98)**	(69,441.67)
	Realised (loss)/gain on currency swap transactions	**-**	(136.98)
	Net Cash Flow Generated from Financing Activities	**15,071.11**	25,237.61
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(2,672.03)**	4,121.92
	Effect of exchange difference on cash and cash equivalent held in foreign currency *Exchange Difference on Foreign Currency is ₹ 28,861 in current year and ₹ 10,110 in previous year.	**0***	0*
	Cash and Cash Equivalents - Opening balance (Refer note no 9)	**7,678.00**	3,556.08
	Cash and Cash Equivalents - Closing balance (Refer note no 9)	**5,005.97**	7,678.00

Notes:

(1) The above cash flow statement has been prepared under the "Indirect method" as set out in Ind-AS7 - Cash flow Statement.

(2) Figures in brackets indicate outflow.

(3) Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

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Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Notes to Financial Statements

Note - 1

General Information

The financial statements comprise financial statements of Reliance Naval and Engineering Limited ('RNEL' or the 'Company') for the year ended March 31, 2019, Reliance Naval and Engineering Limited is a company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchaya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The name of the Company got changed from Reliance Defence and Engineering Limited during the previous year and fresh Certificate of Incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India on September 6, 2017. 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 in India including the largest Dry Dock in the world. 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 only modular shipbuilding facility in India 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.

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.

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 differences 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 Standards Issued But Not Yet Effective:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new amendments to IND AS which the Company has not applied as they are effective from April 01, 2019

i IND AS 116 - Leases:

IND AS 116 will replace the existing leases standard, IND AS 17 Leases. IND AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IND AS 116 substantially carries forward the lessors accounting requirements in IND AS 17.

The Company will recognise with effect from April 1, 2019 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to

a) amortisation charge for the right to use asset

b) interest accrued on lease liability

Previously the Company recognized operating lease expense on a straight line basis over the term of the lease, and recognised assets and liabilities only to the extent that there were timing difference between actual lease payments and the expenses recognised.

ii IND AS 12 - Income Taxes:

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement.

The amendment to appendix C of IND AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax Loss), tax bases, unused tax losses, unused tax credits and tax rates, when the uncertainty over income tax treatments under IND AS 12. It Outlines the following :

a The Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the Company.

b The Company is to assume that the taxation will have the full knowledge of all relevant information while examining the amount.

c The Company has to consider the probablity of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probablity.

The Company does not expect any significant impact of the amendment on its financial statements.

iii IND AS 28 - Long Term Interest in Associates and Joint Ventures:

The amendment clarifies that an Company applies IND AS 109 Financial Instruments, to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company currently have long term interests in associates however, impact will be insignificant.

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 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.

Notes to Financial Statements

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
Leasehold Land and Development	Amortised over lease period

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 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 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 Revenue Recognition:

i Revenue from operation include income from sale of goods, services and is net of value added tax and sales tax recovered and service tax/Goods and Service Tax. Revenue from sale of goods and services is recognised considering the following steps:

1 identify the Contract with Customer

2 identify the performance obligations in the contract

3 determining the transaction price

4 allocate the transaction price to the performance obligations in the contract

5 recognise revenue when the Company satisfies a performance obligation

ii Effective April 1, 2018, the Company has applied IND AS 115 which establishes a comprehensive framework for determining whether, how much and when the revenue is recognized. IND AS 115 replaces IND AS 18 Revenue and IND AS 11 Construction Contracts. The Company has adopted IND AS 115 using the cumulative effective method. The company was following this model from the very first financials of IND AS thereby there is no impact on the financial statements. In case of contract for shipbuilding, repair and fabrication, performance obligations are satisfied over a period of time. Revenue from contracts, where performance obligation is satisfied over a period of time, is recognised over a period of time by measuring the progress towards complete satisfaction of that performance obligation. Progress of performance obligation is measured as follows:

1 In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, progress of performance obligation is measured using input method on the basis of actual cost incurred as against the total estimated cost of the contract under execution.

2 In respect of other vessels, including offshore support vessels, progress of performance obligation is measured using output method, where the stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by the technical experts performing survey of the work. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions, liquidated damages and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modifications to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In event of change of transaction price, cumulative effect is accounted for.

3 In respect of contract of repair and fabrication, revenue is recognised based on the performance obligation measured by the input method i.e. actual cost incurred to the total estimated cost of the contract

4 The Management believes that the method of measuring performance obligation as above is the best represent considering the nature of the contract.

The estimates of cost and progress of performance obligations are measured at each reporting date by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered in to with the buyers, which are subject to fulfilment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.

iii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established. Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

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 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, 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.

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 Subsidiary 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 FVTOCI, 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 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.

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 Leases:

i Lease payments:

Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating Lease payments are recognised on straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

ii Lease assets:

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

XII 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.

Remeasurement 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), 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. Remeasurement is recognised in Statement of Profit and Loss in the period in which they arise.

XIII Provision for Current and Deferred Tax:

Income tax expense comprises of 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 deductable 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.

Notes to Financial Statements

XIV 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.

XV 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.

XVI 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.

XVII 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

₹ in Lakhs

Particulars	Owned Assets						Leased Assets	Intangible Assets	Total
	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total Owned Assets	Leasehold Land and Development	Computer Softwares*	
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
Previous Financial Year									
I Gross Carrying Amount									
As at April 01, 2017	50,209.58	5,13,658.79	883.95	1,000.52	638.19	5,66,391.03	48,448.78	987.49	6,15,827.30
Additions during the year	–	263.07	6.82	18.51	–	288.40	–	9,742.82	10,031.22
Deductions	–	–	–	2.14	–	2.14	–		2.14
As at March 31, 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
II Accumulated Depreciation and Impairment									
As at April 01, 2017	11,621.76	81,807.29	573.27	816.37	354.03	95,172.72	13,487.32	800.17	1,09,460.21
Additions during the year	1,574.60	16,181.69	101.78	15.63	53.57	17,927.27	1,762.55	116.99	19,806.81
Deductions	–	–	–	0.91	–	0.91	–	–	0.91
As at March 31, 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
									–
III Net Carrying Amount as at 31.03.2018	37,013.22	4,15,932.88	215.72	185.80	230.59	4,53,578.21	33,198.91	9,813.15	4,96,590.27

* Other than Internally Generated.

	2018 - 2019	2017 - 2018
B Capital Work in Progress	10,277.21	4,48,618.26

2.1 The Leasehold Land and Development represents the cost incurred for reclaiming, development and strengthening of the Land. Buildings and Plant & equipments are constructed / installed on leasehold land.

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:

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
- Assets under construction and installation	**10,277.21**	2,45,784.01
- Preoperative expenses	**-**	2,02,834.25

2.4 Details of Preoperative expenses are as under:

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Opening Balance	**2,02,834.25**	1,57,274.58
Add:		
Salaries,Wages and Allowances	**-**	10.00
Insurance	**-**	105.45
Finance Costs		
Interest Expenses	**-**	38,711.13
Exchange Differences regarded as an adjustment to borrowing costs	**-**	67.07
Other Borrowing Costs	**-**	4.50
Right to Recompense	**-**	7,989.09
	2,02,834.25	2,04,161.82
Less :		
Allocated to Fixed Assets	**-**	1,327.57
Allocated to Inventory	**482.45**	-
Impairment of Preoperative Expenses (Refer Note 2.5)	**2,02,351.80**	-
Closing Balance	**-**	2,02,834.25

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Property Plant & Equipment	**3,35,632.10**	-
Intangible Assets	**9,813.07**	-
Capital Work in Progress	**4,58,413.86**	20,555.26
Total	**8,03,859.03**	20,555.26

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 ₹ 783,303.77 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 entity. 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 company 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.

Note - 3

Investments

₹ in Lakhs

Particulars	% of holding	Face Value	Numbers 31-Mar-19	Numbers 31-Mar-18	As at March 31, 2019	As at March 31, 2018
Long Term Trade Investments (Unquoted and fully paid up)- Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited	100.00%	₹ 10	**2,17,09,327**	2,17,09,327	**1,896.73**	1,896.73
RMOL Engineering and Offshore Limited (Formerly known as Reliance Marine and Offshore Limited)	100.00%	₹ 10	**50,000**	50,000	**5.00**	5.00
Reliance Lighter than Air Systems Private Limited	100.00%	₹ 10	**1,40,000**	1,40,000	**14.00**	14.00
REDS Marine Services Limited (Formerly known as Reliance Engineering and Defence Services Limited)	100.00%	₹ 10	**50,000**	50,000	**5.00**	5.00
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	-	-	**-**	-	**0.05**	0.05
(Deposited with Sales Tax Department)						
					0.05	0.05
Less - Impairment of Investment (Refer Note 3.4)					**36.79**	-
Total					**2,050.21**	2,087.00

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

3.2 Aggregate amount of Non Current Investments.

₹ in Lakhs

Particulars	As at March 31, 2019 Book Value	As at March 31, 2019 Market Value	As at March 31, 2018 Book Value	As at March 31, 2018 Market Value
Quoted Investments	**-**	**-**	-	-
Unquoted Investments	**2,050.21**	**-**	2,087.00	-
Total	**2,050.21**	**-**	2,087.00	-

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

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

Notes to Financial Statements

Note - 4
Other Financial Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Banks held as Margin Money	**3,440.27**	1,098.77
Total	**3,440.27**	1,098.77

Note - 5
Deferred Tax Liabilities/(Assets) (Net)

₹ in Lakhs

Particulars		As at March 31, 2019		As at March 31, 2018
Opening Balance		**(34,492.93)**		(13,260.09)
Tax Expenses (Income) recognised in:				
Statement of Profit and Loss				
Difference in Tax Base of Property, plant and equipment	**15,890.34**		54.55	
Disallowance in income tax	**(39,922.83)**		1,469.91	
Depreciation losses	**(62,693.59)**		(6,071.84)	
Business losses	**-**		(18,628.00)	
Fair Valuation of Financials Liability	**1,142.54**		1,929.91	
		(85,583.54)		(21,245.47)
Other Comprehensive Income				
Related to Employee benefits		**(5.37)**		12.63
Deferred Tax not to be Considered (Refer Note 5.2)		**1,20,081.84**		-
Closing Balance		**-**		(34,492.93)

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, 2019 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, 2019	As at March 31, 2018
Security Deposits with		
Related Parties (refer note no. 39)	**7,370.00**	7,370.00
Others	**589.64**	670.87
MAT credit entitlement (Refer Note 6.1)	**-**	3,338.18
Total	**7,959.64**	11,379.05

6.1 The Company recognizes Minimum Alternate Tax (MAT) credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company has reviewed the "MAT credit entitlement" asset at reporting date and has written down the asset as the Company does not have convincing evidence that it will pay normal tax during the specified period considering the huge negative net worth and consistent losses from the past.

Notes to Financial Statements

Note – 7
Inventories

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials	**53,366.67**	68,608.95
Work in Progress	**7,842.36**	747.84
Stores and Spares	**961.13**	438.45
Scrap	**46.46**	46.46
Total	**62,216.62**	69,841.70

7.1 Refer Note No. 1(g)(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. 16 and 19 to the financial statements.

Note – 8
Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
Trade Receivables Considered Good – Unsecured	**555.17**		1,465.46	
Trade Receivables Credit Impaired	**78,813.67**		78,813.67	
	79,368.84		80,279.13	
Less: Provision for Credit Impaired	**78,813.67**		78,813.67	
		555.17		1,465.46
Total		**555.17**		1,465.46

8.1 Trade receivables are non – interest bearing and receivable in normal operating cycle.

Note – 9
Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks in Current Accounts	**4,995.01**	7,676.35
Cash on hand	**10.96**	1.65
Total	**5,005.97**	7,678.00

Note – 10
Other Bank Balances

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Banks held as Margin Money	**572.57**	9,906.26
Total	**572.57**	9,906.26

Notes to Financial Statements

Note - 11

Current Loans

(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Loan Receivables Considered Good - Secured	-	-
Loan Receivables Considered Good - Unsecured	-	292.66
Loan Receivables which have Significant increase in credit risk	-	-
Loan Receivables Credit Impaired	-	-
Total	-	292.66

11.1 Details of Loans to Subsidiary Companies pursuant to regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

₹ in Lakhs

a)

Company Name	* As at March 31, 2019	As at March 31, 2018
RMOL Engineering and Offshore Limited (Formerly known as Reliance Marine and Offshore Limited)	-	258.19
Reliance Lighter than Air System Private Limited	-	3.78
REDS Marine Services Limited (Formerly known as Reliance Engineering and Defence Services Limited)	-	4.22
Reliance Technologies System Private Limited	-	0.07
PDOC Pte Ltd	-	26.40

All the above Loans were given for meeting working capital requirements of the Subsidiary Companies

* Written off

b) Loans to employee and reimbursement of expenses are not considered for this clause.

c) None of the Subsidiary Companies has invested in shares of the Company.

11.2 Refer Note No 3.4 for Impairment on Loans and Advances pertaining to Subsidiaries.

Note - 12

Other Current Financial Assets

(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Receivable	**82.23**	763.11
Other Advances	-	10,289.30
Total	**82.23**	11,052.41

12.1 Interest receivable include amount receivables from related parties of ₹ Nil (Previous Year ₹ 80.78 lakhs). The previous year balance amounting to ₹ 80.78 Lakhs is impaired during the year. Refer Note No 3.4 for Impairment Note and Refer note no 39 for details.

12.2 The Company has applied Expected Credit Loss (ECL) model as per IND AS 109 for measurement and recognition of impairment loss on the other advances which represented amount recoverable from suppliers against cancellation of orders and 50% was provided in March 2018 However, as on date no amount has been recovered or work performed by the party thereby balance 50% is being provided in the current financial year. Accordingly, Other Advances is net of impairment provision of ₹ 20,578.60 lakhs (Previous Year: ₹ 10,289.30 lakhs)

Notes to Financial Statements

Note - 13
Other Current Assets
(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	**1,394.43**	1,353.97
Prepaid Expenses	**156.90**	322.73
Goods and Service Tax / Cenvat / VAT recoverable	**1,292.52**	6,448.93
Advance against purchase of material / services	**11,653.74**	12,114.62
Shipbuilding Contracts Receivables	**83,862.84**	59,159.19
Subsidy / Grants Receivable	**-**	2,418.51
Other Advances	**-**	3.66
Total	**98,360.43**	81,821.61

Note - 14
Share Capital

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
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

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

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	**73,75,91,263.00**	**73,759.13**	73,62,06,269	73,620.63
Add: Issued during the year on part conversion of debts (refer note 16.1)	**-**	**-**	13,84,994	138.50
Equity Shares at the end of the year	**73,75,91,263.00**	**73,759.13**	73,75,91,263	73,759.13

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

Shares held by	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence Systems Private Limited	**22,01,03,025**	**29.84%**	22,01,03,025	29.84%
Vistra ITCL India Limited (on behalf of lenders)	**14,51,04,994**	**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 & FS Marine Infrastructure Company Limited	**5,31,10,674**	**7.20%**	5,31,10,674	7.20%
IL & FS Financial Services Limited*	**4,30,34,213**	**5.83%**	2,98,43,387	4.05%

* Less than 5% as at March 31, 2018

Notes to Financial Statements

14.3 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 - 15

Other Equity

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
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**		1,49,327.83	
Add :- On Issue of Shares	**-**		683.50	
		1,50,011.33		1,50,011.33
Other Reserve				
Opening Balance	**22,791.35**		22,791.35	
Additions during the year	**-**		-	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	**(2,30,620.92)**		(1,35,013.18)	
Add:- Profit(loss) for the year as per profit or loss statement	**(10,48,104.72)**		(95,607.74)	
		(12,78,725.64)		(2,30,620.92)
Other Comprehensive Income				
Opening Balance	**94.60**		66.36	
Add: Movement During the year (net)	**(11.96)**		28.24	
		82.64		94.60
		(10,99,585.36)		(51,468.68)

Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit & loss is recognized as a part of retained earnings with separate disclosure of such items along with relevant amounts in the Notes 23 & 28.

Nature and Purpose of Reserves :

1 **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), therefor, not available for distribution of dividend.

2 **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.

3 **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.

Notes to Financial Statements

Note - 16

Borrowings

₹ in Lakhs

Particulars		As at March 31, 2019		As at March 31, 2018
Preference Shares				
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up		**1,045.67**		956.33
Secured Loans				
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹ 100 each (Refer Note No 16.2)		**21,700.91**		21,461.82
Rupee Term Loans from:				
Banks	-		41,855.75	
Body Corporates	-		11,239.38	
		-		53,095.13
Foreign Currency Term Loans from:				
Financial Institution		-		21,187.05
Vehicle Loans		**15.44**		52.86
Total		**22,762.02**		96,753.19

16.1 Compulsorily Redeemable Preference Shares

i) The Company has allotted 1,384,994 Equity Shares having face value of ₹ 10 each per share at a premium of ₹ 49.35 per share and 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 is not been done considering the temporary financial crunch with the Company.

ii) As at March 31, 2019 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - Nil). The above mentioned preference shares were held by HDFC Limited in previous year.

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

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	**Amount**	No of Shares	Amount
Shares at the beginning of the year	**4,22,45,764.00**	**4,224.58**	-	-
Add: Shares Issued during the year on preferential basis *	-	-	4,22,45,764	4,224.58
Shares at the end of the year	**4,22,45,764.00**	**4,224.58**	4,22,45,764	4,224.58

* Accounted on Fair Value. Refer note no 37

Notes to Financial Statements

16.2 Non Convertible Debentures (NCD)

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders has a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the previous year 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 FY 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 infructuous. 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.

16.3 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.

16.4 Secured Term loans of ₹ 563,890.21 lakhs are secured as under: (including ₹ 542,189.30 lakhs being part of current maturities of long term debt in note no. 21)

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.

16.5 Vehicle Loans referred to above including ₹ 34.70 lakhs being part of current maturities of long term debts in note no. 21 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 March 15, 2021.

16.6 During the previous year the lenders have recalled all the loans and have invoked the 14.51 crores of equity shares of the Company pledged and guarantees available with them. As at March 31, 2019, the Company has overdue of ₹ 542,189.30 lakhs included in current maturities of long term debts in note no 21 (Previous Year: ₹ 5,21,971.68 lakhs) and ₹ 104,247.02 lakhs included in interest accrued and due in note no 21(Previous Year: ₹ 34,429.40 lakhs) towards the principal and interest respectively 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	Union Bank of India	2,415.83	106,905.76
02	IDBI Bank	2,586.94	87,398.00
03	EXIM Bank	1,631.30	47,317.78
04	State Bank of Patiala	786.35	34,781.03
05	UCO Bank	463.44	19,994.25
06	Oriental Bank of Commerce	350.97	13,413.06
07	Life Insurance Corporation	237.05	9,226.79
08	Punjab National Bank	651.93	35,518.46
09	United Bank of India	470.74	16,476.09
10	Karnataka Bank	86.90	3,489.52
11	Karur Vyasa Bank	94.32	3,639.97
12	Bank of India	408.06	13,064.80
13	Central Bank of India	1,402.34	54,494.99
14	IFCI Ltd	646.38	22,615.74
15	Jammu & Kashmir Bank	818.08	26,645.58
16	Corporation Bank	923.15	26,817.29
17	Bank of Maharashtra	261.32	9,103.55
18	IIFC UK	223.73	25,874.30
19	Punjab & Sind Bank	74.56	2,417.11
20	State Bank of India	816.42	36,000.28
21	Dena Bank	367.84	6,797.24
22	State Bank of Mysore	18.46	814.90
23	Vijaya Bank	279.17	8,258.39
24	HUDCO	594.76	18,024.12
25	IL&FS Bank	18.09	719.19

Note - 17

Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits (refer note no 28.1)	**204.26**	241.24
Total	**204.26**	241.24

Note - 18

Other Non Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**5,624.21**	5,624.21
Total	**5,624.21**	5,624.21

Notes to Financial Statements

Note - 19
Short Term Borrowings

₹ in Lakhs

Particulars		As at March 31, 2019		As at March 31, 2018
Secured Loans				
Working Capital Loan				
Cash Credit Facilities from Banks		**2,25,984.27**		1,23,259.38
Unsecured Loans from:				
Banks	**15,295.85**		19,804.97	
Related Parties (Refer Note No 39)	**6,701.74**		1,75,294.76	
Body Corporates	**2,78,632.22**		50,130.42	
		3,00,629.81		2,45,230.15
Total		**5,26,614.08**		3,68,489.53

19.1 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.

19.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 2,17,09,327 equity shares of E Complex Private Limited held by the Company.

19.3 During the previous year the lenders bank have recalled all the loans and have invoked ₹ 14.51 Crores equity shares of the Company pledged with lenders and guarantees available with them. As at March 31, 2019, the Company has overdue of ₹ 241,109.14 Lakhs (Previous Year: ₹ 143,064.35 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	316.60	22,596.19
02	Central Bank of India	80.54	3,539.65
03	Dena Bank	404.49	26,637.55
04	Exim Bank	-	15,124.85
05	IDBI Bank	780.00	34,736.83
06	Oriental Bank of Commerce	489.74	16,051.69
07	Punjab & Sind Bank	426.92	15,366.26
08	Punjab National Bank	53.83	3,686.51
09	State Bank of India	209.36	32,360.20
10	State Bank of Mysore	56.39	2,010.06
11	State Bank of Patiala	125.92	4,608.28
12	UCO Bank	347.37	18,990.54
13	Union Bank Of India	161.98	12,743.26
14	United Bank of India	380.69	16,286.54
15	Vijaya Bank	376.37	12,160.53

Notes to Financial Statements

Note - 20

Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Micro and Small Enterprises	**851.80**	265.52
Others	**27,282.66**	28,514.92
Total	**28,134.46**	28,780.44

20.1 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, 2019	As at March 31, 2018
Principal amount remaining unpaid	**851.80**	265.52
Interest due thereon	**769.29**	475.18
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	**769.29**	475.18
Interest remaining due and payable even in succeeding years	**769.29**	475.18

20.2 All trade payables are non interest bearing and payable or settled within normal operating cycle of the Company.

Note - 21

Other Current Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long Term Debts	**5,42,238.78**	5,22,589.45
Interest accrued and due on borrowings	**1,68,460.67**	34,429.40
Interest accrued but not due on borrowings	**2,636.15**	30,975.56
Finance Guarantee Obligation (Refer Note 21.1)	**16,032.11**	-
Creditors for Capital Goods	**3,909.28**	3,909.28
Statutory Dues	**361.48**	3,062.47
Other Payables *	**3,734.02**	4,982.63
Total	**7,37,372.49**	5,99,948.79

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

21.1 The Company had issued a corporate guarantee for loan availed by RMOL Engineering and Offshore Limited (Formerly known as Reliance Marine and Offshore Limited) ("RMOL"), a wholly owned subsidiary from IFCI Limited ("IFCI"). During the previous year, IFCI has recalled loan on May 29, 2017, invoked corporate guarantee given by Company on June 6, 2017 and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 due to continued default in repayment of principal and interest against RMOL and the Company. In response to the recall notice, the Company and RMOL has requested to the lender to liquidate the securities available with them and has offered to settle the balance amount through promoters' support. The petition filed by the lender is not yet admitted by the NCLT. However, considering the current position of RMOL, The Company has provided for the liability at Net of Realizable Value of its assets in its Books.

Note - 22

Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**5,992.63**	8,591.54
Total	**5,992.63**	8,591.54

Notes to Financial Statements

Note - 23
Current Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
For Employee Benefits (refer note no 28.1)	**111.53**	105.85
Other Provisions (refer note no 23.1)	**35,020.66**	46,848.79
Total	**35,132.19**	46,954.64

23.1 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.

₹ in Lakhs

Particulars	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, 2018	8,494.20	168.42	363.63	37,822.54
Add: Provision made for the year ended March 31, 2019.	530.41	7.95	-	-
Less: Amount Incurred and charged against the opening balance	**-**	**-**	161.93	12,204.56
Balance as at March 31, 2019	**9,024.61**	**176.37**	201.70	25,617.98

Notes - 24
Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
Ship Building	**13,017.26**		27,162.72	
Repairs and Fabrication	**1,775.97**		5,725.31	
Sale of Surplus Material	**3,123.50**		-	
Export Benefits	**-**		309.24	
Other Operating Revenue				
Sale of Scraps	**83.62**		319.83	
		18,000.35		33,517.10
Total		**18,000.35**		33,517.10

Refer Note No 44 for Disclosure as required by IND AS 115' - Revenue from Contracts with Customers.

Notes - 25
Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income	**452.28**	940.43
Dividend on Current Investments/ from Associates	**2.55**	6.50
Sundry Balances Written Back (net)	**-**	587.30
Miscellaneous Income	**7.86**	20.73
Fair Value Impact on Financial Liability (Refer Note - 37)	**-**	6,312.19
Total	**462.69**	7,867.15

Notes - 26
Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Steel Plates and Profiles	**469.56**	1,883.43
Equipment and Components	**19,168.13**	32,744.66
Total	**19,637.69**	34,628.09

Notes - 27
Changes in Inventories of Work - in - Progress and Scrap

₹ in Lakhs

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
At the end of the year			
Scrap		**46.46**	46.46
Work in progress		**7,842.36**	747.84
	a	**7,888.82**	794.30
Less :- At the beginning of the year			
Scrap		**46.46**	46.46
Work in progress		**747.84**	588.02
	b	**794.30**	634.48
Changes in Inventories	**(b - a)**	**(7,094.52)**	(159.82)

Note :

In respect of contract for supply of Offshore Support Vessels (OSVs), the customer i.e. Oil and Natural Gas Corporation of India (ONGC), has terminated the contract during the year and invoked the performance and other bank guarantees given against the said contract. The Company has challenged the said action of ONGC by invoking arbitration in terms of the contract and hopeful of the positive outcome. However looking at the overall circumstances, the company has valued the receivables from the contract at their fair market value and considered the same as work in progress.

Notes - 28
Employee Benefits Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, Wages and Allowances	**2,317.14**	3,193.02
Contribution to Provident and Other Funds	**102.19**	137.59
Staff Welfare Expenses	**31.26**	46.05
Total	**2,450.59**	3,376.66

28.1 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 ₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Employers Contribution to Provident Fund	**68.95**	91.77
Employers Contribution to Pension Fund	**33.24**	45.82
Total	**102.19**	137.59

Notes to Financial Statements

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.

a) Gratuity (Funded)

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Defined Benefit Obligation at beginning of the year	**235.85**	278.49
Current Service Cost	**36.14**	46.37
Past Service Cost	**-**	12.04
Current Interest Cost	**14.77**	18.17
Actuarial (Gain) / Loss	**17.12**	(37.24)
Benefits paid	**(85.05)**	(81.98)
Defined Benefit Obligation at end of the year	**218.83**	235.85

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the beginning of the year	**86.13**	80.50
Expected Return on Plan Assets	**6.24**	5.83
Actuarial Gain / (Loss)	**(0.21)**	(0.20)
Fair Value of the Assets at the end of the year	**92.16**	86.13

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the end of the year	**92.16**	86.13
Present Value of Defined Benefit Obligation at end of the year	**218.83**	235.85
Liabilities / (Assets) recognised in the Balance Sheet	**126.67**	149.72

iv) Expenses recognised during the year

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Current & Past Service Cost	**36.14**	46.37
Past Service Cost	**-**	12.04
Interest Cost	**14.77**	18.17
Expected Return on Plan Assets	**(6.24)**	(5.83)
Net Cost Recognised in profit or loss	**44.67**	70.75
Actuarial (Gain) / Loss recognised in other comprehensive income	**17.33**	(37.05)

v) Assumptions used to determine the defined benefit obligations

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Mortality Table (LIC)	**(2012 - 14 ultimate)**	(2006 - 08 ultimate)
Discount Rate (p.a.)	**7.64%**	7.65%
Estimated Rate of Return on Plan Asset	**7.00%**	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)	
	2018 - 2019	2017 - 2018	**2018 - 2019**	2017 - 2018
Discount Rate	**1.00%**	0.50%	**25.62**	15.42
Salary Growth Rate	**1.00%**	0.50%	**23.54**	16.85
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 :

1 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

2 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.

3 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

4 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.

Notes to Financial Statements

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
0 to 1 Year	**81.75**	45.54
2-5 Years	**82.77**	96.96
More than 5 Years	**70.19**	83.23

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.**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Defined Benefit Obligation at beginning of the year	**197.33**	259.60
Current & Past Service Cost	**16.34**	22.97
Current Interest Cost	**12.50**	16.13
Actuarial (Gain) / Loss	**30.93**	(3.83)
Benefits paid	**(67.93)**	(97.54)
Defined Benefit Obligation at end of the year	**189.17**	197.33

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the end of the year	**-**	-
Present Value of Defined Benefit Obligation at end of the year	**189.17**	197.34
Liabilities / (Assets) recognised in the Balance Sheet	**189.17**	197.34

iii) **Expenses recognised during the year**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Current & Past Service Cost	**16.34**	22.97
Interest Cost	**12.50**	16.13
Net Cost Recognised in statement of profit or loss	**28.84**	39.10
Actuarial (Gain) / Loss recognised in other comprehensive income	**30.93**	(3.83)

iv) **Assumptions used to determine the defined benefit obligations**

Particulars	2018 - 2019	2017 - 2018
Mortality Table	**(2012 - 14 ultimate)**	(2006-08 ultimate)
Discount Rate (p.a.)	**7.64%**	7.65%
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 to Financial Statements

Notes - 29
Finance Costs

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	**1,26,672.73**	65,753.81
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	**1,134.69**	3,985.38
Total	**1,27,807.42**	69,739.19

Notes - 30
Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumables, Stores and Spares	**1,134.96**	2,820.08
Power, Fuel and Water	**1,362.59**	1,410.28
Repairs and Maintenance	**468.20**	1,136.83
Labour/Fabrication and Subcontractor Charges	**2,045.32**	10,016.70
Equipment Hire Charges	**342.49**	1,090.49
Rent	**670.65**	803.93
Testing and Inspection Charges	**216.66**	383.89
Infrastructure Facility Charges	**1,090.00**	1,738.92
Excise Duty Expenses	**-**	7.91
Design, Drawing and Construction Support Fees	**79.20**	471.92
Insurance	**572.94**	1,353.18
Cost Estimated for Revenue Recognised	**(12,073.57)**	(24,853.12)
Provision for Estimated Cost Over Contract Revenue	**(284.98)**	(4,206.72)
Rates and Taxes	**4.20**	216.92
Communication Expenses	**50.81**	48.89
Travelling, Conveyance and Vehicle Hire Charges	**290.21**	744.09
Legal and Professional Charges	**544.63**	1,126.51
Foreign Exchange Difference (net)	**1,739.45**	478.91
Payment to Auditors	**50.57**	76.10
Advertising, Publicity and Selling Expenses	**19.37**	68.54
Provision for Liquidated Damages	**530.41**	8,494.21
Brokerage and Commission	**-**	206.31
Provision for Impairment of Current Assets	**-**	10,289.30
Impairment of Investments in Subsidiaries & Others	**36.79**	-
Loss on Sale/ Discard of Plant, property and equipments (net)	**3.57**	1.05
Warranty Claims	**-**	221.35
Bad debts/Advances and other Balances Written off (net)	**755.48**	-
Miscellaneous Expenses	**160.80**	460.41
Total	**(189.25)**	14,606.88

30.1 Payment to Auditors includes:

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**50.00**	50.00
Certification Charges	**0.57**	1.10
Other Matters	**-**	25.00
Total	**50.57**	76.10

Notes to Financial Statements

Notes - 31

Exceptional Items

The Board of Directors of the Company in March 2018 had mandated committee of directors 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. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and Capital Work in Progress aggregating ₹ 783,303.77 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the Company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to ₹ 75,325.62 lakhs has been made, considering the overall circumstances. The above mentioned items along with provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of ₹ 16,032.11 lakhs are referred as Exceptional Items. Exceptional items for the year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.

Notes - 32

Earnings Per Share (Basic and Diluted)

Particulars		2018 - 2019	2017 - 2018
Loss attributable to the Equity Shareholders (in lakhs)		**(10,48,104.72)**	(95,607.74)
Amount available for calculation of Basic and Diluted EPS (in lakhs)	(a)	**(10,48,104.72)**	(95,607.74)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	**73,75,91,263.00**	73,74,50,866
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	**(142.10)**	(12.96)

Note - 33

Contingent Liabilities and Commitments

33.1 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	2018 - 2019	2017 - 2018
a)		Guarantees given by Company's Bankers		
	i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	**1,03,639.96**	1,50,382.72
	ii)	Other Bank Guarantees	**972.96**	38,763.63
		(Bank Guarantees are provided under contractual/ legal obligations)		
b)		Corporate Guarantee	**11,983.40**	38,487.19
		(Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)		
c)		Demands not acknowledged as Debts (net)		
	i)	Income Tax	**51.28**	104.27
		Majorly the tax demand due to disallowances by the Income tax department and Interest		
	ii)	Service Tax, Excise Duty and Sales Tax	**3,939.92**	3,863.84
		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.		

Notes to Financial Statements

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
	iii) Third Party Claims	**12,360.52**	11,137.43
	The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These include 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.		
d)	Letters of Credit opened in favour of suppliers	**161.09**	7,333.62
	(Cash Outflow is expected on receipt of materials from suppliers)		

33.2 Commitments

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
-	Other Commitments	**802.24**	802.24
	(for investment in the Associates and Joint Venture)		

Note - 34

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 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.

Note - 35

The Company has received Twenty Two 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 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 - 36

Going Concern

The Company primarily is in the business of Ship Building and Ship Construction having state of the art infrastructure facilities including Dry Dock complex, Goliath Cranes, Fabrication facilities, Blasting and Painting Cell, etc, and is capable of undertaking complex and large size/volume of fabrication for varied industries. 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. The promoters of the Company have supported the Company since management take over by them in January 2016. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far. All these have resulted in temporary financial constraints on the Company, losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Therefore Company has approached its lenders for an appropriate Resolution Plan with the objective to make the operations of the Company viable and sustainable. The Company is engaged with the Lenders for Resolution Plan. Considering the strength of the Company's world class infrastructure, business plans and future outlook as assessed, the management is quite confident to reach at some workable solution to resolve financial position of the Company and to continue as a going concern. The company is participating in several business opportunities both in & outside India, and hopeful to get business in the coming years. The Board of Directors of the Company in FY 2017-18 had mandated committee of directors 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. During the year, the Committee based on the 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 has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to ₹ 75,326 lakhs has been made considering the overall circumstances.

The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets the Company is engaged with the lenders to achieve debt resolution.

Pending such resolution and on considering the facts given above, the company continues to prepare its accounts on going concern basis.

Note - 37

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 and 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 Covertiable 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 - 38

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, 2019 and in respect of assets/liabilities as at March 31, 2019.

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	2018 - 2019	2017 - 2018
Revenue by Geographical Segment		
Within India	**17,821.42**	32,990.05
Outside India	**178.93**	527.05
Total Revenue	**18,000.35**	**33,517.10**
Carrying Amount of Segment Assets		
Within India	**3,35,268.16**	11,60,926.12
Outside India	**741.95**	16,747.91
Total Assets	**3,36,010.11**	**11,77,674.03**
Capital Expenditure (net of impairment)		
Within India	**12.09**	47,686.57
Outside India	**-**	-

III **Revenue from Major Customers :**

Revenue from operations include ₹ 18,728.19 lakhs (Previous Year: ₹ 27,441.79 lakhs) from four customers (Previous Year: one customer) having more than 10% of the total revenue

Note - 39

Related Party Disclosures

a) **List of Related parties**

1 **Subsidiary Companies**

E Complex Private Limited

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

Reliance Lighter Than Air Systems Private Limited

Reliance Technologies and Systems Private Limited

REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd)

PDOC Pte. Ltd.

2 **Associates**

Reliance Defence Systems Private Limited

Reliance Defence Limited

Reliance Infrastructure Limited

Conceptia Software Technologies Private Limited

3 **Key Managerial Personnel**

Mr. Debashish Bir

Mr. Nikhil Jain

Mr. Paresh Rathod

Notes to Financial Statements

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, 2019 (for the period of relationship exist)

₹ in Lakhs

Nature of transactions	Subsidiary Company						
	Reliance Lighter than Air Systems Private Ltd	REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd)	PDOC Pte. Ltd.	E-Complex Pvt. Ltd.	Reliance Technologies & Systems Pvt Ltd	RMOL Engineering and Offshore Limited (Formerly Reliance Marine and Offshore Ltd)	Total
Lease Rent	-	-	-	393.50	-	-	**393.50**
	(-)	(-)	(-)	(362.32)	(-)	(-)	**(362.32)**
Infrastructure Facility Charges	-	-	-	1,090.00	-	-	**1,090.00**
	(-)	(-)	(-)	(1,090.00)	(-)	(-)	**(1,090.00)**
Interest Expenses	-	-	-	375.83	-	-	**375.83**
	(-)	(-)	(-)	(177.08)	(-)	(-)	**(177.08)**
Interest Income	-	-	-	-	-	-	**-**
	(4.57)	(15.94)	(3.01)	(-)	(0.01)	(30.87)	**(54.40)**
Security Deposits - Non Current as at 31.03.2019	-	-	-	7,370.00	-	-	**7,370.00**
	(-)	(-)	(-)	(7,370.00)	(-)	(-)	**(7,370.00)**
Loans and Advances							
Balance as at April 1, 2018	3.78	4.22	26.40	-	0.07	258.19	**292.66**
	(63.18)	(227.59)	(24.64)	(3,082.74)	(0.05)	(256.84)	**(3,655.04)**
Given During the year	0.10	-	0.75	-	-	10.03	**10.88**
	(-)	(-)	(1.76)	(-)	(0.02)	(1.35)	**(3.13)**
Received During the year	-	0.30	-	-	-	-	**0.30**
	(59.40)	(223.37)	(-)	(3,082.74)	(-)	(-)	**(3,365.51)**
Impaired During the Year	3.88	3.92	27.15	-	0.07	268.22	**303.24**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Balance as at March 31,2019	-	-	-	-	-	-	**-**
	(3.78)	(4.22)	(26.40)	(-)	(0.07)	(258.19)	**(292.66)**
Interest Receivable							
Balance as at March 31,2019	-	-	-	-	-	-	**-**
	(17.60)	(0.27)	(3.76)	(-)	(0.02)	(59.13)	**(80.78)**
Borrowings							
Balance as at April 1, 2018	-	-	-	2,716.08	-	-	**2,716.08**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Received During the year	-	-	-	1,626.80	-	-	**1,626.80**
	(-)	(-)	(-)	(2,716.08)	(-)	(-)	**(2,716.08)**
Repaid During the year	-	-	-	576.25	-	-	**576.25**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Balance as at March 31,2019	-	-	-	3,766.63	-	-	**3,766.63**
	(-)	(-)	(-)	(2,716.08)	(-)	(-)	**(2,716.08)**
Interest Payable							
Balance as at March 31, 2019	-	-	-	535.20	-	-	**535.20**
	(-)	(-)	(-)	(159.37)	(-)	(-)	**(159.37)**
Corporate Guarantee							
Balance as at March 31, 2019	-	6,961.75	-	5,021.65	-	-	**11,983.40**
	(-)	(10,322.90)	(-)	(11,989.70)	(-)	(16,174.59)	**(38,487.19)**
Non Current Investment							
Balance as at March 31, 2019	-	-	-	1,896.73	-	-	**1,896.73**
	(14.00)	(5.00)	(11.74)	(1,896.73)	(1.00)	(5.00)	**(1,933.47)**

Figures in brackets represents previous year's amounts.

Notes to Financial Statements

2 Transactions with related parties for the year ended March 31, 2019 (for the period of relationship exist)

₹ in Lakhs

Nature of transactions	Associates			
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	Total
Engineering and Design Fees	6.11	–	–	**6.11**
	(47.16)	(–)	(–)	**(47.16)**
Rent	–	118.76	–	**118.76**
	(–)	(213.95)	(–)	**(213.95)**
Interest Expenses on ICD	–	23,851.28	366.86	**24,218.14**
	(–)	(15,069.67)	(143.60)	**(15,213.27)**
Sale of Surplus Material	–	65.69	–	**65.69**
	(–)	(–)	(–)	**(–)**
Dividend Received	2.55	–	–	**2.55**
	(–)	(–)	(–)	**(–)**
Trade Payables	71.49	573.02	–	**644.51**
	(77.04)	(363.57)	(–)	**(440.61)**
Interest Accrued but not due	–	44,743.28	544.91	**45,288.19**
	(–)	(20,892.00)	(178.05)	**(21,070.05)**
Borrowings				
Balance as at April 1, 2018	–	1,69,643.77	2,934.91	**1,72,578.68**
	(–)	(93,314.77)	(695.00)	**(94,009.77)**
Received during the year	–	58,845.20	–	**58,845.20**
	(–)	(76,329.00)	(2,239.91)	**(78,568.91)**
Repaid during the year	–	–	–	**-**
	(–)	(–)	(–)	**(–)**
Assigned to Third Party	–	2,28,488.97	–	**2,28,488.97**
	(–)	(–)	(–)	**(–)**
Balance as at March 31, 2019	–	–	2,934.91	**2,934.91**
	(–)	(1,69,643.77)	(2,934.91)	**(1,72,578.68)**
Non Current Invtestment				
Balance as at March 31, 2019	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, 2019. (for the period of relationship exist)

₹ in Lakhs

Nature of transactions	Key Managerial Persons*			
	Mr. Debashis Bir	Mr. Nikhil Jain	Mr. Paresh Rathod	Total
Short Term Employee Benefits	70.78	48.02	39.85	**158.65**
	(–)	(31.58)	(–)	**(31.58)**
Post Employment Benefits	3.50	2.19	1.44	**7.13**
	(–)	(1.44)	(–)	**(1.44)**

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 figure.

c) Details of Loan given and investment made and guarantee given, covered u/s 186(4) of the Companies Act, 2013

i Loan given and investment made are given under the respective head.

ii Corporate guarantee have been issued on behalf of subsidiary Companies, details of which are given in related party transactions above

Notes to Financial Statements

Note - 40

Operating Lease

The Company has entered in to a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 30 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under non-cancellable operating lease:

₹ in Lakhs

Sr No.	Particulars	Land		Infrastructure Facilities	
		2018 - 2019	2017 - 2018	**2018 - 2019**	2017 - 2018
1	Rent debited to statement of profit and loss during the year	**560.34**	529.07	**1,090.00**	1,090.00
2	Future Minimum Lease payments payable in:				
	i Less than one year	**891.81**	561.22	**1,240.00**	1,090.00
	ii One to five years	**2,451.05**	2,345.32	**4,960.00**	4,960.00
	iii More than five years	**12,802.46**	13,469.66	**5,212.50**	6,452.50

Note - 41

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 a 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.

I Interest rate exposure profile appended in the table below

₹ in Lakhs

Borrowings	**As at March 31, 2019**	As at March 31, 2018
Floating Rate Loans	**7,83,348.54**	7,38,908.49
Fixed Rate Loans	**3,07,034.87**	2,47,967.35
Total	**10,90,383.41**	9,86,875.84

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

₹ in Lakhs

Risk Exposure	As at March 31, 2019		As at March 31, 2018	
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	**1,566.70**	**1,566.70**	1,477.82	1,477.82

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).

Notes to Financial Statements

Foreign currency exposures

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Payables (A)	**30,794.47**	31,248.25
Trade and Other Receivables (B)	**609.98**	13,308.14
Net Exposure (A-B)	**30,184.49**	17,940.11

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:

₹ in Lakhs

Risk Exposure	As at March 31, 2019		As at March 31, 2018	
Effect on profit/ (loss) before tax due to foreign	**5 % Increase**	**5 % Decrease**	5 % Increase	5 % Decrease
exchange rate fluctuation	**1,509.22**	**1,509.22**	897.01	897.01

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.

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, Letter 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 lacs

Liquidity Profile	Less than 1 year	1-3 Year	3-5 Year	More than 5 Year	Total
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**
As at March 31, 2018					
Non Current Borrowings	5,22,589.45	23,106.27	24,502.20	49,144.72	6,19,342.64
Current Borrowings	3,68,489.53	-	-	-	3,68,489.53
Other financial liabilities	77,359.34	-	-	-	77,359.34
Trade Payables	28,780.44	-	-	-	28,780.44
Total	9,97,218.76	23,106.27	24,502.20	49,144.72	10,93,971.95

* All the Payables are reflected as less than 1 year since all the lenders have recalled the loan

Notes to Financial Statements

Note - 42

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 lacs

Particulars		As at March 31, 2019	As at March 31, 2018
Equity		**73,759.13**	73,759.13
Retained Earnings		**(10,99,585.36)**	(51,468.68)
	Total (A)	**(10,25,826.23)**	22,290.45
Borrowing			
Non-Current		**22,762.02**	6,19,342.64
Current		**10,68,852.86**	3,68,489.53
	Total (B)	**10,91,614.88**	9,87,832.17
Capital Gearing Ratio (B/A)		**(1.06)**	44.32

Note - 43

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 16 and Note No 19 has been invoked by the banks.

Note - 44

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 38)

₹ in Lakhs

Particulars	For the year ended March 31, 2019
Changes in contract liability are as follows:	
Balance at the beginning of the year	**43,810.38**
Provision recognised during the year	
Cost Incurred during the year	**(12,366.00)**
Translation exchange difference	**-**
Balance at the end of the year	**31,444.38**
Changes in contract assets are as follows:	
Balance at the beginning of the year	**46,660.94**
Revenue Recognized during the year	**14,793.23**
Invoice Raised and Revenue Booked during the year	**(5,185.16)**
Impaired/ Write off/ Transferred to Inventory during the year	**(12,427.38)**
Receipts against invoice or Advance settled against revenue	**(273.19)**
Balance at the end of the year	**43,568.44**
Reconciliation of revenue recognised with the contracted price is as follows:	
Contracted price	**14,793.23**
Reductions towards variable consideration components	**(530.41)**
Revenue recognised	**14,262.82**

Notes to Financial Statements

The reduction towards variable consideration comprises of Liquidated Damages, which are shown separate in note 23

Disclosure in respect of long term contracts under progress:

Sr No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a	The contract revenue recognised in the year	**15,666.23**	32,888.03
b	The aggregate amount of cost incurred and recognised in profits (less recognised losses) upto the end of year for all contracts in progress.	**1,55,087.06**	2,02,279.83
c	Amount of advance received from the customers for contracts in progress.	**1,48,697.54**	1,87,979.73
d	The retention amount due from customers for contracts in progress as at the end of financial year.	**-**	-

Note - 45

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note - 46

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on May 28, 2019. The Management and authorities have the power to amend the Financial Statements in accordance with section 130 and 131 of The Companies Act, 2013.

Note - 47

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
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE NAVAL AND ENGINEERING LIMITED (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **RELIANCE NAVAL AND ENGINEERING LIMITED (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance sheet as at March 31, 2019, 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, 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, 2019 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.

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 opinion.

Material Uncertainty related to Going Concern

Note no. 35 to the Consolidated Financial Statements regarding preparation of Consolidated financial statements of the Group on going concern basis, notwithstanding the fact that the Group continue 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 Group, etc. for the reasons stated in the said note. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon the Group's ability to raise requisite finance / generate cash flows in future to meet it's obligations.

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.

Key Audit Matter	How our audit addressed the key audit matter
1) Impairment of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP):	
Annually Management of the Group reviews whether there are any indicators of impairment on the PPE and CWIP of the Group (Refer Note 1 (h) (XIV) to the Consolidated Financial Statements) by reference to the requirements under Ind AS 36 – "Impairment of Assets". Accordingly, Management of the Group has identified impairment indicators (operating losses, negative net-worth, low value order book, Industry overlook etc.) in the Group. As a result, an impairment assessment was required to be performed by the Group by comparing the carrying value of the PPE and CWIP to their recoverable amount to determine whether impairment was required to be recognised. For the purpose of above impairment testing, the Management of the Group has determined the recoverable value based on valuation reports. These conclusions are dependent upon significant management judgments, including in respect of: – Estimated utilization, cash flows, time line for getting new sales orders, political environment etc.	Our audit procedures included, among others: • Updating our understanding of management's annual impairment testing process. • Ensuring the methodology of the impairment exercise continues to comply with the requirements of Indian Accounting Standards (Ind AS) as adopted, including evaluating management's assessment of indicators of impairment against indicators of impairment specified within Ind AS 36. • Evaluating the independent external valuer's competence, capabilities and objectivity. • Understanding the methodologies used by the external valuer to estimate resale values. • Verifying the completeness of disclosure in the Consolidated Financial Statements as per Ind AS 36.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>During the year ended March 31, 2019 the Group has recorded an impairment provision of ₹ 8,13,289 Lakhs to reduce the Group's aggregate carrying value of PPE to ₹ 201,212 Lakhs and CWIP to ₹ 10,277 Lakhs, to their estimated recoverable values, as per the valuation report. Refer Note no. 2 to the Consolidated Financial Statements.

We considered this area as key matter due to the significance of the carrying value of the assets being assessed and due to the level of management judgments impacting the impairment assessment.</td><td></td></tr>
<tr><td colspan="2">2) Deferred Tax Assets (DTA) and Credit balance of Minimum Alternate Tax (MAT)</td></tr>
<tr><td>As disclosed in Note no. 5 and 6 to the Consolidated Financial Statements, the Group has not recognised the DTA of ₹ 1,23,550.75 Lakhs (including MAT credit entitlement of ₹ 3,468.91 Lakhs).

The Management of the Group has forecasted the future taxable profit and concluded not to recognise the DTA in the books of accounts.

We considered this area as key matter due to the:
- significance of the carrying amount of DTA and MAT and
- significant judgment is required in forecasting the future taxable profit including growth rate, etc.</td><td>Our audit procedures included, among others:
● Evaluating the recognition and measurement of the current and deferred tax assets and liabilities by analyzing the current and deferred tax calculations for the compliance with the tax law.
● Assessing the management's judgments relating to the forecasts of future taxable profit and evaluating the reasonableness of the assumptions underlying the preparation of these forecasts including the consistency of the assumptions used with those used to evaluate the recoverable amount of Group's cash generating units where relevant.
● Assessing the appropriateness of the disclosures included in the Consolidated Financial Statements in respect of current and deferred tax balances as per Ind AS 12 – "Income Taxes".</td></tr>
<tr><td colspan="2">3) Litigation Matters and Contingent Liabilities</td></tr>
<tr><td>The Group is subject to number of significant litigations. Major risks identified by the Group in that area related to stamp duty, winding-up petitions, applications filed by certain lenders / creditors to NCLT under IBC for the recovery of outstanding dues, Arbitration with the customer / vendors / service providers, invocations of corporate guarantees by the lenders of a subsidiary and bank guarantees by the customers, etc. The amount of litigation may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant Management judgment. (Refer Note No. 33 to the Consolidated Financial Statements)

Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. Accordingly, it has been considered as a key matter.</td><td>Our audit procedures included, among others:
● Assessing the procedures implemented by the Group to identify and gather the risks it is exposed to.
● Obtaining an understanding of the risk analyses performed by the Group, with relating supporting documentation, and studying written statements from internal and external legal experts, where applicable.
● Discussion with the management on the development in these litigations during the year ended March 31, 2019.
● Enquiring from the Group's legal counsel (internal) and study the responses as received from them.
● Verification that the accounting and / or disclosure as the case may be in the Consolidated Financial Statements made by the Group is in accordance with the assessment of legal counsel / management.
● Obtaining representation letter from the management on the assessment of these matters as per SA 580(revised) – Written representations.</td></tr>
</table>

Independent Auditor's Report

Other Information

The Holding Company's Board of Directors is 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 Consolidated Financial Statements and our auditor's report thereon.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding 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 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 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 Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors 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 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 company and its subsidiary companies and associate which are companies incorporate in India, 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 such entities 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.

We communicate with those charged with governance of the Holding 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

We did not audit the financial statements/other financial information of 6 subsidiaries, whose financial statements reflect total assets of ₹ 109,755.82 Lakhs as at March 31, 2019, total revenues of ₹ 8,064.21 Lakhs and net cash outflows amounting to ₹ 24.72 Lakhs for the year ended on that date, as considered in the consolidated financial statements and financial statements of an associate, which reflects the Group's share of net profit including total other comprehensive income of ₹ 66.05 Lakhs for the year ended March 31, 2019 as considered in the Consolidated Financial Statements. These financial statements and other financial information 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 and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates 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.

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 and the other financial information of subsidiaries and 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 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. 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 maintained for the purpose of preparation of the consolidated financial statements.

   d. 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 Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

   f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 and taken on record by the Board of Directors of the Holding Company and also based on legal opinion obtained by the Holding Company, with reference to the cancellation of the NCDs issued by the Company to it's 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. 16.2 to the Consolidated Financial Statements, the reports of the statutory auditors of its subsidiaries and associate, companies incorporated in India, none of the directors of the Group companies and its associates, companies incorporated in India, is disqualified as on March 31, 2019 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 Holding Company, subsidiaries and associate, companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

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 Holding Company has paid managerial remuneration of ₹ 74.28 Lakhs to its whole time director as approved by the shareholders of the Holding Company but without obtaining prior approval from the secured lenders as required under the third proviso of the Section 197(1) of the Act and based on the reports of the other auditors, the remuneration paid by the respective Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i. 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 and its associate. Refer Note No. 33.1 to the Consolidated Financial Statements;

   ii. The Group and its associates 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 Holding Company, its subsidiaries and its associates, companies incorporated in India.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place: Mumbai
Dated: May 28, 2019

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, 2019)

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 (FORMERLY KNOWN AS RELIANCE DEFENCE AND ENGINEERING LIMITED)** ((hereinafter referred to as "the Holding Company") and its subsidiaries and an associate, which are companies incorporated in India, as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate, 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 Holding Company, its subsidiary companies and its associate, 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 and an associate, 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 Holding Company, its subsidiary companies and its associate, 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

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 Holding Company and its subsidiary

Annexure "A" to the Independent Auditor's Report

companies and associate 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, 2019, based on the criteria for internal financial control 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 in so far as it relates to 5 subsidiary companies and an associate, 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**
Chartered Accountants
Firm Reg. No. 107783W

Gyandeo Chaturvedi
Partner
Membership No.46806

Place: Mumbai
Dated: May 28, 2019

Consolidated Balance Sheet as at March 31, 2019

₹ in Lakhs

	Particulars	Note	As at March 31, 2019		As at March 31, 2018	
I	**ASSETS**					
(1)	**Non Current Assets**					
	Property, Plant and Equipment	2	**2,01,211.56**		5,43,870.28	
	Capital Work in Progress	2	**10,277.21**		4,69,208.45	
	Intangible Assets	2	**-**		9,813.15	
			2,11,488.77		10,22,891.88	
	Goodwill on Consolidation		**1,018.79**		1,018.96	
	Financial Assets					
	Investments	3	**30,278.19**		30,212.19	
	Other Financial Assets	4	**3,440.27**		9,545.84	
			33,718.46		39,758.03	
	Deferred Tax Assets (net)	5	**-**		34,492.93	
	Other Non Current Assets	6	**591.70**		17,127.09	
			591.70		51,620.02	
				2,46,817.72		11,15,288.89
(2)	**Current Assets**					
	Inventories	7	**62,216.62**		69,849.05	
			62,216.62		69,849.05	
	Financial Assets					
	Investments	8	**-**		74.03	
	Trade Receivables	9	**555.17**		1,465.46	
	Cash and Cash Equivalents	10	**5,030.69**		7,754.37	
	Other Bank Balances	11	**572.57**		9,906.26	
	Other Current Financials Assets	12	**82.23**		10,971.65	
			6,240.66		30,171.77	
	Current Tax (net)		**983.75**		2,301.70	
	Other Current Assets	13	**98,372.74**		81,836.73	
			99,356.49		84,138.43	
				1,67,813.77		1,84,159.25
	TOTAL ASSETS			**4,14,631.49**		12,99,448.14
II	**EQUITY AND LIABILITIES**					
(1)	**Equity**					
	Share Capital	14	**73,759.13**		73,759.13	
	Other Equity	15	**(11,15,908.27)**		(29,414.93)	
				(10,42,149.14)		44,344.20
(2)	**Liabilities**					
	Non Current Liabilities					
	Financial Liabilities					
	Borrowings	16	**27,762.02**		1,12,691.48	
			27,762.02		1,12,691.48	
	Provisions	17	**204.26**		241.24	
	Other Non Current Liabilities	18	**5,624.21**		5,624.21	
			5,828.47		5,865.45	
				33,590.49		1,18,556.93
	Current Liabilities					
	Financial Liabilities					
	Borrowings	19	**5,91,645.45**		4,22,225.82	
	Trade Payables	20				
	(a) Total outstanding dues of micro and small enterprises		**851.80**		265.52	
	(b) Total outstanding dues of creditors other than micro and small enterprises		**27,693.45**		28,929.60	
	Other Current Financial Liabilities	21	**7,61,868.37**		6,29,575.14	
			13,82,059.07		10,80,996.08	
	Other Current Liabilities	22	**5,992.63**		8,591.54	
	Provisions	23	**35,138.44**		46,959.39	
			41,131.07		55,550.93	
				14,23,190.14		11,36,547.01
	TOTAL EQUITY AND LIABILITIES			**4,14,631.49**		12,99,448.14
	Significant Accounting Policies	1				
	Notes to Financial Statements	2 to 47				

for Pathak H. D. & Associates	for and on behalf of the Board of Directors	
Chartered Accountants	**Debashis Bir**	Whole Time Director & Chief Executive Officer
Firm Reg. No.: 107783W		
	K Ravikumar	Directors
	Pankaj Pandya	
Gyandeo Chaturvedi	**Shiby Jobby**	
Partner		
Membership No.: 46806	**Nikhil Jain**	Chief Financial Officer
	Paresh Rathod	Company Secretary
Place : Mumbai	Place : Mumbai	
Date : May 28, 2019	Date : May 28, 2019	

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

₹ in Lakhs

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from Operations	24	**18,000.35**	37,855.65
Other Income	25	**465.64**	7,857.51
Total Income		**18,465.99**	45,713.16
Expenses			
Cost of Materials Consumed	26	**19,637.69**	34,628.09
Cost of Raw Material Sold/ Traded Goods		**4,722.09**	4,353.68
Changes in Inventories of Work in Progress & Scrap	27	**(7,094.52)**	(159.82)
Employee Benefits Expenses	28	**2,450.59**	3,391.66
Other Expenses	30	**6,851.04**	13,520.75
Total Expenses		**26,566.89**	55,734.36
Total Profit/(Loss) from Operation before Depreciation/Amortisation and Finance Cost		**(8,100.90)**	(10,021.20)
Finance Costs	29	**1,36,825.09**	75,407.96
Depreciation and Amortisation Expenses	2	**7,049.51**	20,773.23
Loss before Exceptional Items and Tax		**(1,51,975.50)**	(1,06,202.39)
Exceptional Items	31	**(9,01,609.04)**	(16,239.65)
Loss Before Tax		**(10,53,584.54)**	(1,22,442.04)
Tax Expense			
- Tax of earlier Years		**(4,638.35)**	-
- Deferred Tax Credit/ (Reversal)	5	**(34,498.30)**	21,245.47
Loss for the year from continued operations		**(10,92,721.19)**	(1,01,196.57)
Add:- Consolidated share in the profits of associate		**66.05**	0.08
Loss for the year		**(10,92,655.14)**	(1,01,196.49)
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to profit and loss in subsequent year			
Exchange differences on translation of Foreign Operations		**-**	(1.34)
Items that will not to be reclassified to profit and loss in subsequent year			
Actuarial gains/(losses) on defined benefit plans		**(17.33)**	40.87
Income Tax effect		**5.37**	(12.63)
Total Other Comprehensive Income for the year		**(11.96)**	26.90
Total Comprehensive Income for the year		**(10,92,667.10)**	(1,01,169.59)
Earnings per Equity Share of ₹ 10 each	32		
- Basic (In Rupees)		**(148.14)**	(13.72)
- Diluted (In Rupees)		**(148.14)**	(13.72)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 47		

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	**73,75,91,263**	**73,759.13**	73,62,06,269	73,620.63
Add: Shares Issued during the year on preferential basis	-	-	13,84,994	138.50
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

₹ in Lakhs

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 1, 2017	**6,254.96**	**1,49,327.83**	**64,527.97**	**(1,49,105.96)**	**66.36**	**71,071.16**
Add/(Less):						
Loss for the year	-	-	-	(1,01,196.49)	-	(1,01,196.49)
Other Comprehensive Income	-	-	-	-	28.24	28.24
Effect of Foreign Exchange rate fluctuation during the year	-	-	-	-	(1.34)	(1.34)
Securities Premium on issue of Share	-	683.50	-	-	-	683.50
As at March 31, 2018	**6,254.96**	**1,50,011.33**	**64,527.97**	**(2,50,302.45)**	**93.26**	**(29,414.93)**
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)
	-	-	-	(10,86,481.38)	(11.96)	(10,86,493.34)
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)**

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Consolidated Cash Flow Statement for the year ended March 31, 2019

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
A	**Cash Flow from Operating Activities**		
	Net Loss before Tax	**(10,48,184.48)**	(1,22,442.04)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	**7,049.51**	20,773.23
	Exceptional Items	**9,17,641.15**	16,239.65
	Interest Income	**(829.84)**	(919.83)
	Dividend on Current Investments	**(2.55)**	(17.46)
	Fair Valuation Impact	**-**	(6,312.19)
	Loss on Sale of Plant, property and equipments (net)	**3.57**	1.05
	Finance Costs	**1,39,272.49**	75,407.96
	Provision for Liquidated Damages	**530.41**	8,494.21
	Provision for estimated cost over contract revenue	**(284.98)**	(4,206.72)
	Provision for Impairment of Current Assets	**36.79**	10,289.30
	Acturial gains/(losses) on defined benefit plans	**(17.33)**	40.87
	Cost Estimated for Revenue Recognised	**(12,073.57)**	(24,853.12)
	Bad debts/Advances and other Balances Written off (net)	**9,235.81**	(587.30)
	Foreign Exchange Loss/(Gain) (net)	**1,601.06**	675.24
	Operating profit/(loss) before working capital changes	**13,978.04**	(27,417.15)
	Adjusted for		
	Inventories	**7,632.43**	7,696.73
	Trade and Other Receivables	**(15,522.28)**	(15,886.79)
	Trade and Other Payables	**(8,189.88)**	12,559.40
	Cash Used in Operations	**(2,101.69)**	(23,047.81)
	Direct Taxes (Paid) / Refund	**777.26**	654.70
	Net Cash Used in Operating Activities	**(1,324.43)**	(22,393.11)
B	**Cash Flow from Investing Activities**		
	Purchase of Property, plant and equipment and Capital Work in Progress	**(12.09)**	(1,938.10)
	Sale of Property, plant and equipment	**(12.21)**	0.18
	Advance to Subsidiaries (Net)	**(18,109.29)**	(2,784.99)
	Sale of Investments	**74.03**	4,023.75
	FD kept with bank	**6,992.19**	(1,512.04)
	Interest Received	**1,134.89**	651.05
	Dividend Received on Current Investments	**2.55**	26.57
	Net Cash used in Investing Activities	**(9,929.93)**	(1,533.58)

Consolidated Cash Flow Statement for the year ended March 31, 2019

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of debentures	-	6,993.43
	Redemption of Debentures	-	(5,000.00)
	Repayment of Long Term Borrowings	**(1,25,141.42)**	(16,479.05)
	Short Term Borrowings (Net)	**1,58,989.99**	1,20,130.56
	Interest Paid	**(25,317.89)**	(77,462.80)
	Realised (loss)/gain on currency swap transactions	-	(136.98)
	Net Cash Flow Generated from Financing Activities	**8,530.68**	28,045.16
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(2,723.68)**	4,118.47
	Effect of exchange difference on cash and cash equivalent held in foreign currency *Exchange Difference on Foreign Currency is ₹ 28,861 in current year and ₹ 10,110 in previous year.	**0***	0*
	Cash and Cash Equivalents - Opening balance (Refer note no 10)	**7,754.37**	3,635.90
	Cash and Cash Equivalents - Closing balance (Refer note no 10)	**5,030.69**	7,754.37

Notes:

(1) The above cash flow statement has been prepared under the "Indirect method" as set out in Ind-AS7 - Cash flow Statement.

(2) Figures in brackets indicate outflow.

(3) Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

Debashis Bir — Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya
Shiby Jobby
} Directors

Nikhil Jain — Chief Financial Officer
Paresh Rathod — Company Secretary

Place: Mumbai
Date : May 28, 2019

Notes to 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, 2019, The Company is limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Pipavav Port, Post Ucchaya, Via- Rajula, District Amreli (Gujarat) and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The name of the Company got changed from Reliance Defence and Engineering Limited during the previous year and fresh Certificate of Incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India on September 6, 2017. 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 in India including the largest Dry Dock in the world. 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 only modular shipbuilding facility in India 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.

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 an Company when it is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. 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.

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 differences 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 Company operates ('the functional currency'). The Consolidated financial statements are presented in Indian Rupee (INR), which is the functional currency for the Company.

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 differences 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.

f Standards Issued But Not Yet Effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new amendments to IND AS which the group has not applied as they are effective from April 01, 2019

i IND AS 116 – Leases:

IND AS 116 will replace the existing leases standard, IND AS 17 Leases. IND AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IND AS 116 substantially carries forward the lessor accounting requirements in IND AS 17.

The group will recognise with effect from April 1, 2019 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to

a) amortisation charge for the right to use asset

b) interest accrued on lease liability

Previously the group recognized operating lease expense on a straight line basis over the term of the lease, and recognised assets and liabilities only to the extent that there were timing difference between actual lease payments and the expenses recognised.

ii IND AS 12 – Income Taxes:

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The group does not expect any impact from this pronouncement.

The amendment to appendix C of IND AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when the uncertainty over income tax treatments under IND AS 12. It outlines the following :

a The Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the Company.

b The Company is to assume that the taxation will have the full knowledge of all relevant information while examining the amount.

c The Company has to consider the probablity of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probablity.

The group does not expect any significant impact of the amendment on its financial statements.

iii IND AS 28 – Long Term Interest in Associates and Joint Ventures:

The amendment clarify that an Company applies IND AS 109 Financial Instruments, to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The group currently have long term interests in associates however, impact will be insignificant.

g 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 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.

h 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
Leasehold Land and Development	Amortised over lease period

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 the 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.

Notes to Financial Statements

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 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 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 Revenue Recoginition:

i Revenue from operation include income from sale of goods, services and is net of value added tax and sales tax and service tax and Goods and Service Tax recovered. Revenue from sale of goods and services is recognised considering the following steps:

1 identify the Contract with Customer

2 identify the performance obligations in the contract

3 determining the transaction price

4 allocate the transaction price to the performance obligations in the contract

5 recognise revenue when the Company satisfies a performance obligation

ii Effective April 1, 2018, the group has applied IND AS 115 which establishes a comprehensive framework for determining whether, how much and when the revenue is recognized. IND AS 115 replaces IND AS 18 Revenue and IND AS 11 Construction Contracts. The Group has adopted IND AS 115 using the cumulative effective method. The company was following this model from the very first financials of IND AS thereby there is no impact on the financial statements. In case of contract for shipbuilding, repair and fabrication, performance obligations are satisfied over a period of time. Revenue from contracts, where performance obligation is satisfied over a period of time, is recognised over a period of time by measuring the progress towards complete satisfaction of that performance obligation. Progress of performance obligation is measured as follows:

1 In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, progress of performance obligation is measured using input method on the basis of actual cost incurred as against the total estimated cost of the contract under execution.

2 In respect of other vessels, including offshore support vessels, progress of performance obligation is measured using output method, where the stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by the technical experts performing survey of the work. As soon as the outcome of the construction contract can be estimated reliably, contract revenue

and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.

3 In respect of contract of repair and fabrication, revenue is recognised based on the performance obligation measured by the input method i.e. actual cost incurred to the total estimated cost of the contract

4 The Management believes that the method of measuring performance obligation as above is the best represent considering the nature of the contract.

The estimates of cost and progress of performance obligations are measured at each reporting date by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered in to with the buyers, which are subject to fulfilment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.

iii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established. Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

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 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, 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.

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 Subsidiary 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 FVTOCI, 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 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.

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 Leases:

i Lease payments:

Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating Lease payments are recognised on straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

ii Lease assets:

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

XII 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.

Remeasurement 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), 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. Remeasurement is recognised in Statement of Profit and Loss in the period in which they arise.

Notes to Financial Statements

XIII Provision for Current and Deferred Tax:

Income tax expense comprises of 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 deductable 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.

XIV 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.

XV 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.

XVI 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.

XVII Earnings per share:

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

1 the profit attributable to owners of the group

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

i 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 Engineering and offshore Limited (RMOL) *(formerly Reliance Marine and Offshore Limited)*	Yet to Commence business	India	100%
Reliance Lighter Than Air Systems Private Limited	Manufacturing of aerostate	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 Financial Statements

Note - 2

A Property, Plant and Equipments

₹in Lakhs

	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	Leasehold Land and Development	Computer Softwares*	
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	1,18,110.58	15,249.87	917.16	1,34,277.57
	Additions during the year	-	1,453.30	5,075.81	20.99	18.99	36.93	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	1,07,030.06	765.27	898.55	438.18	1,24,705.64	15,693.28	917.24	1,41,316.16
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**	**49,073.00**	**31,561.89**	**1,12,728.26**	**53.25**	**53.89**	**115.53**	**1,93,585.82**	**7,625.74**	**-**	**2,01,211.56**
	Previous Financial Year										
I	**Gross Carrying Amount**										
	As at April 01, 2017	49,073.00	55,137.12	5,21,607.98	964.78	1,074.58	638.19	6,28,495.65	48,448.78	987.49	6,77,931.92
	Additions during the year	-	-	263.07	6.82	18.51	-	288.40	-	9,742.82	10,031.22
	Deductions	-	-	-	-	2.14	-	2.14	-	-	2.14
	As at March 31, 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
II	**Accumulated Depreciation and Impairment**										
	As at April 01, 2017	-	12,383.32	84,985.19	635.61	859.61	354.03	99,217.76	13,487.32	800.17	1,13,505.25
	Additions during the year	-	1,736.96	16,969.06	108.67	25.43	53.57	18,893.69	1,762.55	116.99	20,773.23
	Deductions	-	-	-	-	0.91	-	0.91	-	-	0.91
	As at March 31, 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
III	**Net Carrying Amount as at 31.03.2018**	49,073.00	41,016.84	4,19,916.80	227.32	206.82	230.59	5,10,714.40	33,198.91	9,813.15	5,53,783.43

* Other than Internally Generated.

		2018 - 2019	2017 - 2018
B	**Capital Work in Progress**	10,277.21	4,69,208.45
C	**Intangible Assets under development**	-	-

2.1 The Leasehold Land and Development represents the cost incurred for reclaiming, development and strengthening of the Land. Buildings and Plant & equipments are constructed / installed on leasehold land.

2.2 All the fixed assets of the Company are either mortagaged or hyphothecated 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:

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
- Assets under construction and installation	**10,277.21**	2,46,368.68
- Preoperative expenses	**-**	2,22,839.77

2.4 Details of Preoperative expenses are as under:

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Opening Balance	**2,22,839.77**	1,72,971.75
Add:		
Salaries,Wages and Allowances	**-**	10.00
Insurance	**-**	105.45
Right to Recompense	**-**	7,989.09
Finance Costs		
Interest Expenses	**-**	45,518.21
Exchange Differences regarded as an adjustment to borrowing costs	**-**	67.07
Other Borrowing Costs	**-**	4.50
Less:		
Redemption Premium	**(9,395.08)**	2,498.73
	2,32,234.85	2,24,167.34
Less :		
Allocated to Fixed Assets	**-**	1,327.57
Allocated to Inventory	**482.45**	-
Impairment of Preoperative Expenses (Refer Note 2.5)	**2,31,752.40**	-
Closing Balance	-	2,22,839.77

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Property Plant & Equipment	**3,35,632.10**	-
Intangible Assets	**9,813.07**	-
Capital Work in Progress	**4,88,399.13**	20,555.26
Total	**8,33,844.30**	20,555.26

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 entity. 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 Company 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 Financial Statements

Note - 3
Investments

₹ in Lakhs

Particulars	% of holding	Face Value	Numbers 31-Mar-19	Numbers 31-Mar-18	As at March 31, 2019	As at March 31, 2018
Long Term Trade Investments (Unquoted and fully paid up)- Financial Assets measured at cost						
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	**1,12,200.00**	1,12,200.00	**310.19**	244.14
					310.19	244.14
Long Term Trade Investment in 0% Non Convertible Non Secured Bonds of the Corporates						
Avocado Reality Private Limited		₹ 1,00,000	**6,173.00**	6,173.00	**6,173.00**	6,173.00
Budding Merchantile Company Private Limited		₹ 1,00,000	**6,545.00**	6,545.00	**6,545.00**	6,545.00
Replinish Reality Private Limited		₹ 1,00,000	**4,500.00**	4,500.00	**4,500.00**	4,500.00
Slimline Reality Private Limited		₹ 1,00,000	**5,300.00**	5,300.00	**5,300.00**	5,300.00
Winsome Reality Private Limited		₹ 1,00,000	**7,450.00**	7,450.00	**7,450.00**	7,450.00
			29,968.00	29,968.00	**29,968.00**	29,968.00
In Government and Other Securities						
6 years National Savings Certificate			**-**	-	**0.05**	0.05
(Deposited with Sales Tax Department)						
Less - Impairment of Investment (Refer Note 3.4)			**-**	-	**0.05**	-
Total					**30,278.19**	30,212.19

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

3.2 Aggregate amount of Non Current Investments.

₹ in Lakhs

Particulars	As at March 31, 2019 Book Value	As at March 31, 2019 Market Value	As at March 31, 2018 Book Value	As at March 31, 2018 Market Value
Quoted Investments	**-**	**-**	-	-
Unquoted Investments	**30,278.19**	**-**	30,212.19	-
Total	**30,278.19**	**-**	30,212.19	-

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.

Note - 4
Other Financial Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Banks held as Margin Money	**3,440.27**	1,098.77
Redemption Premium Receivable	**-**	8,447.07
Total	**3,440.27**	9,545.84

Notes to Financial Statements

Note - 5
Deferred Tax Liabilities/(Assets) (Net)

₹ in Lakhs

Particulars		As at March 31, 2019		As at March 31, 2018
Opening Balance		**(34,492.93)**		(13,260.09)
Tax Expenses (Income) recognised in:				
Statement of Profit and Loss				
Difference in Tax Base of Property, plant and equipment	**15,890.34**		54.55	
Disallowance in income tax	**(39,922.83)**		1,469.91	
Depreciation losses	**(62,693.59)**		(6,071.84)	
Business losses	**-**		(18,628.00)	
Fair Valuation of Financials Liability	**1,142.54**		1,929.91	
		(85,583.54)		(21,245.47)
Other Comprehensive Income				
Related to Employee benefits		**(5.37)**		12.63
Deferred tax not to be considered (refer note no. 5.2)		**1,20,081.84**		-
Closing Balance		**-**		(34,492.93)

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, 2019 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, 2019	As at March 31, 2018
Capital Advances	**-**	12,985.00
Security Deposits with		
Others	**591.70**	673.18
MAT credit entitlement (Refer Note 6.1)	**-**	3,468.91
Total	**591.70**	17,127.09

6.1 The Company recognizes Minimum Alternate Tax (MAT) credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company has reviewed the "MAT credit entitlement" asset at reporting date and has written down the asset as the Company does not have convincing evidence that it will pay normal tax during the specified period considering the huge negative net worth and consistent losses from the past.

Notes to Financial Statements

Note - 7

Inventories

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Raw Materials	**53,366.67**	68,608.95
Raw Materials in Transit	**-**	-
Work in Progress	**7,842.36**	747.84
Stores and Spares	**961.13**	445.80
Scrap	**46.46**	46.46
Total	**62,216.62**	69,849.05

7.1 Refer Note No. 1(h)(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. 16 and 19 to the financial statements.

Note - 8

Investments (Unquoted)

₹ in Lakhs

Particulars	Face Value		As at March 31, 2019		As at March 31, 2018	
	March 31, 2019	March 31, 2018	**Numbers**	**Amount**	Numbers	Amount
In Units of Mutual Funds						
Reliance Liquid Fund-Treasury Plan	**-**	1,529.30	**-**	**-**	4,840.80	74.03
Total				**-**		74.03

8.1 Refer Note No. 1(h)(X) for basis of valuation.

8.2 **Aggregate amount of Investments.**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Book Value	**Market Value**	Book Value	Market Value
Quoted Investments	**-**	**-**	-	-
Unquoted Investments	**-**	**-**	74.03	-
Total	**-**	**-**	74.03	-

Note - 9

Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
Trade Receivables Considered Good - Secured	**555.17**		1,465.46	
Trade Receivables Credit Impaired	**87,234.55**		87,234.55	
	87,789.72		88,700.01	
Less: Provision for Credit Impaired	**87,234.55**		87,234.55	
		555.17		1,465.46
Total		**555.17**		1,465.46

9.1 Trade receivables are non - interest bearing and receivable in normal operating cycle

Notes to Financial Statements

Note - 10
Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks in Current Accounts	**5,019.22**	7,752.71
Cash on hand	**11.47**	1.66
Total	**5,030.69**	7,754.37

Note - 11
Other Bank Balances

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Banks held as Margin Money	**572.57**	9,906.26
Total	**572.57**	9,906.26

Note - 12
Other Current Financial Assets
(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Receivable	**82.23**	682.35
Other Advances	**-**	10,289.30
Total	**82.23**	10,971.65

12.1 The Company has applied Expected Credit Loss (ECL) model as per IND AS 109 for measurement and recognition of impairment loss on the other advances which represented amount recoverable from suppliers against cancellation of orders and 50% was provided in March 2018. However, as on date no amount has been recovered or work performed by the party thereby balance 50% is being provided in the current financial year. Accordingly, Other Advances is net of impairment provision of ₹20,578.60 lakhs (Previous Year: ₹ 10,289.30 lakhs)

Note - 13
Other Current Assets
(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	**1,395.13**	1,354.42
Prepaid Expenses	**156.90**	322.73
Goods and Service Tax / Cenvat / VAT recoverable	**1,292.52**	6,449.06
Advance against purchase of material / services	**11,665.35**	12,129.16
Shipbuilding Contracts Receivables	**83,862.84**	59,159.19
Subsidy / Grants Receivable	**-**	2,418.51
Other Advances	**-**	3.66
Total	**98,372.74**	81,836.73

Notes to Financial Statements

Note - 14

Share Capital

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
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

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

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	**Amount**	No of Shares	Amount
Equity Shares at the beginning of the year	**73,75,91,263**	**73,759.13**	73,62,06,269	73,620.63
Add: Issued during the year on part conversion of debts (refer note 16.1)	**-**	**-**	13,84,994	138.50
Equity Shares at the end of the year	**73,75,91,263**	**73,759.13**	73,75,91,263	73,759.13

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

Shares held by	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	**% Holding**	No. of Shares	% Holding
Reliance Defence Systems Private Limited	**22,01,03,025**	**29.84%**	22,01,03,025	29.84%
Vistra ITCL India Limited (on behalf of lenders)	**14,51,04,994**	**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 & FS Marine Infrastructure Company Limited	**5,31,10,674**	**7.20%**	5,31,10,674	7.20%
IL & FS Financial Services Limited*	**4,30,34,213**	**5.83%**	2,98,43,387	4.05%

** Less than 5% as at March 31, 2018*

14.3 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.

Notes to Financial Statements

Note - 15

Other Equity

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
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**		1,49,327.83	
Add :- On Issue of Shares	**-**		683.50	
		1,50,011.33		1,50,011.33
Other Reserve				
Opening Balance	**64,527.97**		64,527.97	
Additions during the year	**-**		-	
		64,527.97		64,527.97
Retained Earnings				
Opening Balance	**(2,50,302.45)**		(1,49,105.96)	
Add:- Profit(loss) for the year as per profit or loss statement	**(10,86,481.38)**		(1,01,196.49)	
		(13,36,783.83)		(2,50,302.45)
Other Comprehensive Income				
Opening Balance	**93.26**		66.36	
Add: Movement During the year (net)	**(11.96)**		26.90	
		81.30		93.26
		(11,15,908.27)		(29,414.93)

Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit & loss is recognized as a part of retained earnings with separate disclosure of such items along with relevant amounts in the Notes 23 & 28.

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), however, 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

Notes to Financial Statements

Note - 16

Borrowings

₹ in Lakhs

Particulars		**As at March 31, 2019**		As at March 31, 2018
Preference Shares				
42,245,764 (Previous Year: 42,245,764) 0.10% Compulsorily Redeemable Preference Shares of ₹ 10/- each fully paid up		**1,045.67**		956.33
Secured Loans				
36 (Previous Year: 50) 13.75% Secured Non Convertible Debentures	**5,000.00**		6,993.43	
24,231,000 (Previous Year: 24,231,000) Non Convertible Debentures of ₹100 each (Refer Note No 16.3)	**21,700.91**		21,461.82	
Rupee Term Loans from:				
Banks	-		41,896.52	
Body Corporates	-		11,239.38	
	-		53,135.90	
Foreign Currency Term Loans from:				
Financial Institution	-		21,187.05	
	-		21,187.05	
Vehicle Loans	**15.44**		52.86	
	15.44		52.86	
Total Secured Loans		**26,716.35**		1,02,831.06
Unsecured Loans				
Rupee Term Loans from:				
Body Corporates	-		8,904.09	
	-		8,904.09	
Total Unsecured Loans		-		8,904.09
Total		**27,762.02**		1,12,691.48

16.1 Compulsorily Redeemable Preference Shares

i) The Company has allotted 1,384,994 Equity Shares having face value of ₹10 each per share at a premium of ₹ 49.35 per share and 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 is not been done considering the temporary financial crunch with the Company.

ii) As at March 31, 2019 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - Nil). The above mentioned preference shares were held by HDFC Limited in previous year.

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

₹ in Lakhs

Particulars	**As at March 31, 2019**		As at March 31, 2018	
	No of Shares	**Amount**	No of Shares	Amount
Shares at the beginning of the year	**4,22,45,764.00**	**4,224.58**	-	-
Add: Shares Issued during the year on preferential basis *	-	-	4,22,45,764	4,224.58
Shares at the end of the year	**4,22,45,764.00**	**4,224.58**	4,22,45,764	4,224.58

** Accounted on Fair Value. Refer note no 36*

16.2 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, 2019. The requisite provisions will be made out of the profits available in the future years.

16.3 Non Convertible Debentures (NCD)

In terms of MRA entered with certain lenders of the Company for Debt Restructuring, each of those lenders has a right of recompense as per extent guideline of CDR for reliefs and sacrifice extended by them. During the previous year 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 FY 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 infructuous. 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.

16.4 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.

16.5 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. 21)

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.

Notes to Financial Statements

16.6 During the previous year 11,64,05,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (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.

16.7 Vehicle Loans referred to above including ₹ 34.70 lakhs being part of current maturities of long term debts in note no. 21 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 March 15, 2021.

16.8 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. 21 are secured as under:

i) ₹ 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.

ii) ₹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 Belawade (B), Taluka Pen, District Raigad, Maharashtra belongings to other corporates, pledge of 2,326,087 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.

16.9 During the previous year the lenders have recalled all the loans and have invoked the 14.51 crores of equity shares of the Company pledged and guarantees available with them. As at March 31, 2019, the Company has overdue of ₹ 558,503.53 lakhs included in current maturities of long term debts in note no 21 (Previous Year: ₹ 5,21,971.68 lakhs) and ₹ 114,716.70 lakhs included in interest accrued and due in note no 21(Previous Year: ₹ 34,429.40 lakhs) towards the principal and interest respectively 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	Union Bank of India	2,415.83	1,06,905.76
02	IDBI Bank	2,586.94	87,398.00
03	EXIM Bank	1,631.30	47,317.78
04	State Bank of Patiala	786.35	34,781.03
05	UCO Bank	463.44	19,994.25
06	Oriental Bank of Commerce	350.97	13,413.06
07	Life Insurance Corporation	237.05	9,226.79
08	Punjab National Bank	651.93	35,518.46
09	United Bank of India	470.74	16,476.09
10	Karnataka Bank	86.90	3,489.52
11	Karur Vyasa Bank	94.32	3,639.97
12	Bank of India	408.06	13,064.80
13	Central Bank of India	1,402.34	54,494.99
14	IFCI Ltd	1,455.10	41,126.53
15	Jammu & Kashmir Bank	818.08	26,645.58
16	Corporation Bank	1,048.70	26,817.29
17	Bank of Maharashtra	261.32	9,103.55
18	IIFC UK	223.73	25,874.30
19	Punjab & Sind Bank	74.56	2,417.11
20	State Bank of India	816.42	36,000.28
21	Dena Bank	367.84	6,797.24
22	State Bank of Mysore	18.46	814.90
23	Vijaya Bank	279.17	8,258.39
24	HUDCO	594.76	18,024.12
25	ECL Finance	-	552.60
26	Religare Fininvest Limited	4,813.82	1,882.45
27	IL &FS	18.09	719.19

Notes to Financial Statements

Note - 17
Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits (refer note no 28.1)	**204.26**	241.24
Total	**204.26**	241.24

Note - 18
Other Non Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**5,624.21**	5,624.21
Total	**5,624.21**	5,624.21

Note - 19
Short Term Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
Secured Loans				
Working Capital Loan				
Cash Credit Facilities from Banks		**2,26,663.88**		1,23,853.37
Unsecured Loans from:				
Banks	**15,295.85**		19,804.97	
Related Party (refer note no 38)	**23,551.33**		1,90,384.88	
Body Corporates	**3,26,134.39**		88,182.60	
		3,64,981.57		2,98,372.45
Total		**5,91,645.45**		4,22,225.82

19.1 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.

19.2 The above working capital loans from banks are further secured by pledge of entire shareholding i.e. 2,17,09,327 equity shares of E Complex Private Limited held by the Company.

Notes to Financial Statements

19.3 During the previous year the lenders bank have recalled all the loans and have invoked ₹ 14.51 Crores equity shares of the Company pledged with lenders and guarantees available with them. As at March 31, 2019, the Company has overdue of ₹ 241,788.75 Lakhs (Previous Year: ₹ 143,064.35 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	316.60	22,596.19
02	Central Bank of India	80.54	3,539.65
03	Dena Bank	404.49	26,637.55
04	Exim Bank	-	15,124.85
05	IDBI Bank	780.00	34,736.83
06	Oriental Bank of Commerce	489.74	16,051.69
07	Punjab & Sind Bank	426.92	15,366.26
08	Punjab National Bank	53.83	3,686.51
09	State Bank of India	209.36	32,360.20
10	State Bank of Mysore	56.39	2,010.06
11	State Bank of Patiala	125.92	4,608.28
12	UCO Bank	347.37	18,990.54
13	Union Bank Of India	161.98	12,743.26
14	United Bank of India	380.69	16,286.54
15	Corporation Bank	-	679.61
16	Vijaya Bank	376.37	12,160.53

Note - 20

Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Micro and Small Enterprises	**851.80**	265.52
Others	**27,693.45**	28,929.60
Total	**28,545.25**	29,195.12

20.1 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, 2019	As at March 31, 2018
Principal amount remaining unpaid	**851.80**	265.52
Interest due thereon	**769.29**	475.18
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	**769.29**	475.18
Interest remaining due and payable even in succeeding years	**769.29**	475.18

20.2 All trade payables are non interest bearing and payable or settled within normal operating cycle of the Company.

Notes to Financial Statements

Note - 21
Other Current Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long Term Debts	**5,58,553.01**	5,34,032.86
Creditors for Capital Goods	**4,208.60**	4,208.60
Statutory Dues	**1,502.96**	5,012.70
Interest accrued and due on borrowings	**1,78,930.35**	40,838.17
Interest accrued but not due on borrowings	**14,826.13**	40,489.86
Other Payables *	**3,847.32**	4,992.95
Total	**7,61,868.37**	6,29,575.14

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

Note - 22
Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**5,992.63**	8,591.54
Total	**5,992.63**	8,591.54

Note - 23
Current Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
For Employee Benefits (refer note no 28.1)	**111.53**	105.85
For expenses	**6.25**	4.75
Other Provisions (refer note no 23.1)	**35,020.66**	46,848.79
Total	**35,138.44**	46,959.39

23.1 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.

₹ in Lakhs

Particulars	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, 2018	8,494.20	168.42	363.63	37,822.54
Add: Provision made for the year ended March 31, 2019.	530.41	7.95	-	-
Less: Amount Incurred and charged against the opening balance	-	-	161.93	12,204.56
Balance as at March 31, 2019	**9,024.61**	**176.37**	**201.70**	**25,617.98**

Notes to Financial Statements

Note - 24
Revenue from Operations

₹ in Lakhs

Particulars		For the year ended March 31, 2019		For the year ended March 31, 2018
Ship Building	**13,017.26**		27,162.72	
Repairs and Fabrication	**1,775.97**		5,725.31	
Sale of Surplus Material	**3,123.50**		-	
Export Benefits	**-**		309.24	
Sale of Steel items	**-**		4,338.55	
Other Operating Revenue				
Sale of Scraps	**83.62**		319.83	
		18,000.35		37,855.65
Total		**18,000.35**		37,855.65

Refer Note No 42 for Disclosure as required by IND AS 115' - Revenue from Contracts with Customers.

Note - 25
Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income	**454.01**	919.83
Dividend on Current Investments/ from Associates	**2.55**	17.46
Sundry Balances Written Back (net)	**-**	587.30
Miscellaneous Income	**9.08**	20.73
Fair Value Impact on Issue of Financial Liability (Refer note no 36)	**-**	6,312.19
Total	**465.64**	7,857.51

Note - 26
Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Steel Plates and Profiles	**469.56**	1,883.43
Equipment and Components	**19,168.13**	32,744.66
Total	**19,637.69**	34,628.09

Note - 27
Changes in Inventories of Work - in - Progress and Scrap

₹ in Lakhs

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
At the end of the year			
Scrap		**46.46**	46.46
Work in progress		**7,842.36**	747.84
	a	**7,888.82**	794.30
Less :- At the beginning of the year			
Scrap		**46.46**	46.46
Work in progress		**747.84**	588.02
	b	**794.30**	634.48
Changes in Inventories	**(b - a)**	**(7,094.52)**	(159.82)

Note :

In respect of contract for supply of Offshore Support Vessels (OSVs), the customer i.e. Oil and Natural Gas Corporation of India (ONGC), has terminated the contract during the year and invoked the performance and other bank guarantees given against the said contract. The Company has challenged the said action of ONGC by invoking arbitration in terms of the contract and hopeful of the positive outcome. However looking at the overall circumstances, the Company has valued the receivables from the contract at their fair market value and considered the same as work in progress.

Note - 28
Employee Benefits Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, Wages and Allowances	**2,317.14**	3,208.02
Contribution to Provident and Other Funds	**102.19**	137.59
Staff Welfare Expenses	**31.26**	46.05
Total	**2,450.59**	3,391.66

28.1 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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Employers Contribution to Provident Fund	**68.95**	91.77
Employers Contribution to Pension Fund	**33.24**	45.82
Total	**102.19**	137.59

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.**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Defined Benefit Obligation at beginning of the year	**235.85**	278.49
Current Service Cost	**36.14**	46.37
Past Service Cost	**-**	12.04
Current Interest Cost	**14.77**	18.17
Actuarial (Gain) / Loss	**17.12**	(37.24)
Benefits paid/Reversed	**(85.05)**	(81.98)
Defined Benefit Obligation at end of the year	**218.83**	235.85

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the beginning of the year	**86.13**	80.50
Expected Return on Plan Assets	**6.24**	5.83
Actuarial Gain / (Loss)	**(0.21)**	(0.20)
Fair Value of the Assets at the end of the year	**92.16**	86.13

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the end of the year	**92.16**	86.13
Present Value of Defined Benefit Obligation at end of the year	**218.83**	235.85
Liabilities / (Assets) recognised in the Balance Sheet	**126.67**	149.72

iv) **Expenses recognised during the year**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Current & Past Service Cost	**36.14**	46.37
Interest Cost	**14.77**	18.17
Expected Return on Plan Assets	**(6.24)**	(5.83)
Net Cost Recognised in profit or loss	**44.67**	70.75
Actuarial (Gain) / Loss recognised in other comprehensive income	**17.33**	(37.05)

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Mortality Table (LIC)	**(2012 - 14 ultimate)**	(2006 - 08 ultimate)
Discount Rate (p.a.)	**7.64%**	7.65%
Estimated Rate of Return on Plan Asset	**7.00%**	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)	
	2018 - 2019	2017 - 2018	**2018 - 2019**	2017 - 2018
Discount Rate	**1.00%**	0.50%	**25.62**	15.42
Salary Growth Rate	**1.00%**	0.50%	**23.54**	16.85
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 :**

1 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

2 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.

3 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

4 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 to the gratuity in future years :**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
0 to 1 Year	**81.75**	45.54
2-5 Years	**82.77**	96.96
More than 5 Years	**70.19**	83.23

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.**

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Defined Benefit Obligation at beginning of the year	**197.33**	259.60
Current & Past Service Cost	**16.34**	22.97
Current Interest Cost	**12.50**	16.13
Actuarial (Gain) / Loss	**30.93**	(3.83)
Benefits paid/Reversed	**(67.93)**	(97.54)
Defined Benefit Obligation at end of the year	**189.17**	197.33

Notes to Financial Statements

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

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Fair Value of Plan Assets at the end of the year	**-**	-
Present Value of Defined Benefit Obligation at end of the year	**189.17**	197.34
Liabilities / (Assets) recognised in the Balance Sheet	**189.17**	197.34

iii) Expenses recognised during the year

₹ in Lakhs

Particulars	2018 - 2019	2017 - 2018
Current & Past Service Cost	**16.34**	22.97
Interest Cost	**12.50**	16.13
Net Cost Recognised in statement of profit or loss	**28.84**	39.10
Actuarial (Gain) / Loss recognised in other comprehensive income	**30.93**	(3.83)

iv) Assumptions used to determine the defined benefit obligations

Particulars	2018 - 2019	2017 - 2018
Mortality Table	**(2012 - 14 ultimate)**	(2006 - 08 ultimate)
Discount Rate (p.a.)	**7.64%**	7.65%
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.

Note - 29

Finance Costs

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	**1,35,690.40**	71,422.58
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	**1,134.69**	3,985.38
Total	**1,36,825.09**	75,407.96

Notes to Financial Statements

Note - 30
Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumables, Stores and Spares	**1,134.96**	2,820.08
Power, Fuel and Water	**1,374.08**	1,419.03
Repairs and Maintenance	**494.04**	1,153.24
Labour/Fabrication and Subcontractor Charges	**2,045.32**	10,016.70
Equipment Hire Charges	**348.95**	1,090.49
Rent	**284.40**	484.85
Testing and Inspection Charges	**216.66**	383.89
Infrastructure Facility Charges	**-**	648.92
Excise Duty Expenses	**-**	7.91
Design, Drawing and Construction Support Fees	**79.20**	471.92
Insurance	**572.94**	1,353.18
Cost Estimated for Revenue Recognised	**(12,073.57)**	(24,853.12)
Provision for Estimated Cost Over Contract Revenue	**(284.98)**	(4,206.72)
Rates and Taxes	**4.20**	216.92
Communication Expenses	**50.81**	48.89
Travelling, Conveyance and Vehicle Hire Charges	**298.08**	747.87
Legal and Professional Charges	**570.59**	1,169.62
Foreign Exchange Difference (net)	**1,740.33**	478.53
Payment to Auditors	**50.57**	76.10
Advertising, Publicity and Selling Expenses	**19.37**	68.54
Business Promotion Expenses	**-**	33.31
Provision for Liquidated Damages	**530.41**	8,494.21
Brokerage and Commission	**-**	206.31
Provision for Impairment of Current Assets	**-**	10,289.30
Impairment of Investments in Subsidiaries & Others	**0.05**	-
Loss on Sale/ Discard of Plant, property and equipments (net)	**3.57**	1.05
Warranty Claims	**-**	221.35
Bad Debts / Advances and other Balances Written off (net)	**9,178.84**	-
Miscellaneous Expenses	**212.22**	678.38
Total	**6,851.04**	13,520.75

30.1 Payment to Auditors includes:

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**50.00**	50.00
Certification Charges	**0.57**	1.10
Other Matters	**-**	25.00
Total	**50.57**	76.10

Notes - 31

Exceptional Items

The Board of Directors of the Company in March 2018 had mandated committee of directors 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. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and Capital Work in Progress aggregating ₹ 813,289.04 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the Company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to ₹ 88,320 lakhs has been made, considering the overall circumstances. The above mentioned items are referred as Exceptional Items. Exceptional items for the year ended March 31, 2018 represents one time cost towards right of recompense payable to the lenders.

Notes to Financial Statements

Notes - 32

Earnings Per Share (Basic and Diluted)

Particulars		2018 - 2019	2017 - 2018
Loss attributable to the Equity Shareholders (in lakhs)		**(10,92,667.10)**	(1,01,196.49)
Amount available for calculation of Basic and Diluted EPS (in lakhs)	(a)	**(10,92,667.10)**	(1,01,196.49)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	**73,75,91,263**	73,74,50,866
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	**(148.14)**	(13.72)

Note - 33

Contingent Liabilities and Commitments

33.1 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	2018 - 2019	2017 - 2018
a)	Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (net of liabilities accounted for)	**1,03,639.96**	1,50,382.72
	ii) Other Bank Guarantees	**972.96**	38,763.63
	(Bank Guarantees are provided under contractual/ legal obligations.)		
b)	Demands not acknowledged as Debts (net)		
	i) Income Tax	**74.54**	131.14
	Majorly the tax demand due to disallowances by the Income tax department and Interest		
	ii) Service Tax, Excise Duty and Sales Tax	**3,939.92**	3,863.84
	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.		
	iii) Third Party Claims	**12,649.89**	11,272.11
	The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These include 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.		
c)	Letters of Credit opened in favour of suppliers	**161.09**	7,333.62
	(Cash Outflow is expected on receipt of materials from suppliers)		

33.2 Commitments

₹ in Lakhs

Sr. No.	Particulars	2018 - 2019	2017 - 2018
-	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	**1,279.00**	1,279.00
-	Other Commitments (for investment in the Associates and Joint Venture)	**802.24**	802.24

33.3 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 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 - 34

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 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 has received Twenty Two 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 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 - 35

Going Concern

The Company primarily is in the business of Ship Building and Ship Construction having state of the art infrastructure facilities including Dry Dock complex, Goliath Cranes, Fabrication facilities, Blasting and Painting Cell, etc, and is capable of undertaking complex and large size/volume of fabrication for varied industries. 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. The promoters of the Company have supported the Company since management take over by them in January 2016. This lack of new orders has led to the significant reduction in the Company's current level of operations as compared to its capacity. Additionally two of the secured financial creditors and few operational creditors have applied before the NCLT Ahmedabad for the debt resolution under the Insolvency and Bankruptcy Code, 2016 (IBC), none of which has been admitted so far. All these have resulted in temporary financial constraints on the Company, losses in the operations, erosion of net worth and calling back of loans by the secured lenders. Therefore Company has approached its lenders for an appropriate Resolution Plan with the objective to make the operations of the Company viable and sustainable. The Company is engaged with the Lenders for Resolution Plan. Considering the strength of the Company's world class infrastructure, business plans and future outlook as assessed, the management is quite confident to reach at some workable solution to resolve financial position of the Company and to continue as a going concern. The company is participating in several business opportunities both in & outside India, and hopeful to get business in the coming years. The Board of Directors of the Company in FY 2017-18 had mandated committee of directors 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. During the year, the Committee based on the valuation exercise carried out by the independent expert, recommended the impairment of the Property Plant and Equipments and capital work in progress aggregating ₹ 813,289 lakhs with effect from April 01, 2018. Further, with respect to certain cases of advances, receivables and obligations, the company has carried out the impairment review and even though it is hopeful of favourable outcome, provision for impairment aggregating to ₹ 88,320 lakhs has been made considering the overall circumstances.

The Hon'ble Supreme Court in the matter of Shipyard Association of India, in which Company is also a member, has quashed the RBI Circular dated February 12, 2018 vide its order dated April 2, 2019. Pending Issue of new guidelines from RBI for resolution of stressed assets the Company is engaged with the lenders to achieve debt resolution.

Pending such resolution and on considering the facts given above, the company continues to prepare its accounts on going concern basis.

Notes to Financial Statements

Note - 36

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 and 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 Assets

Financial Assets which have been measured at fair value

Particulars	**As at March 31, 2019**			As at March 31, 2018		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Investments in Units of Mutual Funds	-	-	-	74.03	-	-
Total	-	-	-	74.03	-	-

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 - 37
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, 2019 and in respect of assets/liabilities as at March 31, 2019.

I Information about Primary (Product wise) segments :

₹ in Lakhs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	**Revenue**				
	External Sales	18,000.35	-	-	**18,000.35**
		(33,516.65)	(4,339.00)	(-)	**(37,855.65)**
2.	**Results**				
	Segment Results	(15,616.05)	-	-	**(15,616.05)**
		(-36,597.43)	(-15.00)	(-)	**(-36,612.43)**
	Unallocated Corporate Expenses	-	-	-	**-**
		(-)	(-)	(2,039.51)	**(2,039.51)**
	Operating Profit / (Loss)	(15,616.05)	-	-	**(15,616.05)**
		(-36,597.43)	(-15.00)	(-2039.51)	**(-38,651.92)**
	Finance Cost	-	-	1,36,825.09	**1,36,825.09**
		(-)	(-)	(75,407.96)	**(75,407.96)**
	Unallocated Corporate Income	-	-	465.64	**465.64**
		(-)	(-)	(7,857.51)	**(7,857.51)**
	Loss from Ordinary Activities before tax	(15,616.05)	-	(1,36,359.45)	**(1,51,975.50)**
		(-36,597.43)	(-15.00)	(-69,589.96)	**(-106,202.39)**
	Exceptional Items			(9,01,609.04)	**(9,01,609.04)**
				(-16239.65)	**(-16239.65)**
	Provision for Income-tax - Net	-	-	39,136.65	**39,136.65**
		(-)	(-)	(-21,245.47)	**(-21,245.47)**
	Net Loss	(15,616.05)	-	(10,77,105.14)	**(10,92,721.19)**
		(-36,597.43)	(-15.00)	(-64,584.14)	**(-101,196.57)**
3.	**Other Information**				
	Segment Assets	3,13,334.11	-	-	**3,13,334.11**
		(10,86,847.14)	(-)	(-)	**(10,86,847.14)**
	Unallocated Corporate Assets	-	-	1,01,297.38	**1,01,297.38**
		(-)	(-)	(2,12,601.00)	**(2,12,601.00)**
	Total Assets	3,13,334.11	-	1,01,297.38	**4,14,631.49**
		(10,86,847.14)	(-)	(2,12,601.00)	**(12,99,448.14)**
	Segment Liabilities	79,003.28	-	-	**79,003.28**
		(89,196.00)	(-)	-	**(89,196.00)**
	Unallocated Corporate Liabilities	-	-	13,77,777.35	**13,77,777.35**
		-	(-)	(11,65,907.94)	**(11,65,907.94)**
	Total Liabilities	79,003.28	-	13,77,777.35	**14,56,780.63**
		(89,196.00)	(-)	(11,65,907.94)	**(12,55,103.94)**
	Capital Expenditure	12.09	-	-	**12.09**
		(52,418.86)	(-)	(-)	**(52,418.86)**
	Depreciation and Amortisation	7,049.51	-	-	**7,049.51**
		(20,773.23)	(-)	(-)	**(20,773.23)**
	Non-cash Expenses other than Depreciation	-	-	-	**-**
		(-)	(-)	(-)	**(-)**

Figures in brackets represents previous year's amounts.

Notes to Financial Statements

II **Information about Secondary Segment :**

Geographical Segment :

₹in Lakhs

Particulars	2018 - 2019	2017 - 2018
Revenue by Geographical Segment		
Within India	**17,821.42**	37,328.60
Outside India	**178.93**	527.05
Total Revenue	**18,000.35**	37,855.65
Carrying Amount of Segment Assets		
Within India	**4,13,889.54**	12,82,738.37
Outside India	**741.95**	16,709.77
Total Assets	**4,14,631.49**	12,99,448.14
Capital Expenditure (net of impairment)		
Within India	**12.09**	52,418.86
Outside India	**-**	-

III **Revenue from Major Customers :**

Revenue from operations include ₹ 18,728.19 lakhs (Previous Year: ₹27,441.79 lakhs) from four customers (Previous Year: one 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 Company'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.

Trading includes steel trading activities.

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 Company as a whole.

Note - 38

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. Debashish Bir
Mr. Nikhil Jain
Mr. Paresh Rathod

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.

Notes to Financial Statements

1 **Transactions with related parties for the year ended March 31, 2019 (for the period of relationship exist)**

₹ in Lakhs

Nature of transactions	Associates			
	Conceptia Software Technologies Pvt Ltd	**Reliance Infrastructure Limited**	**Reliance Defence Systems Private Limited**	**Total**
Engineering and Design Fees	6.11	-	-	**6.11**
	(47.16)	(-)	(-)	**(47.16)**
Rent	-	118.76	-	**118.76**
	(-)	(213.95)	(-)	**(213.95)**
Interest Expenses on ICD	-	27,226.19	366.86	**27,593.05**
	(-)	(16,938.34)	(143.60)	**(17,081.94)**
Sale of Surplus Material	-	65.69	-	**65.69**
	(-)	(-)	(-)	**(-)**
Dividend Received	2.55	-	-	**2.55**
	(-)	(-)	(-)	**(-)**
Trade Payables	71.49	573.02	-	**644.51**
	(77.04)	(363.57)	(-)	**(440.61)**
Interest Accrued but not due	-	50,904.19	544.91	**51,449.10**
	(-)	(23,675.48)	(178.05)	**(23,853.53)**
Borrowings				
Balance as at April 1, 2018	-	1,87,450.35	2,934.91	**190,385.26**
	(-)	(1,05,654.77)	(695.00)	**(106,349.77)**
Received during the year	-	71,105.20	-	**71,105.20**
	(-)	(81,795.58)	(2,239.91)	**(84,035.49)**
Repaid during the year	-	-	-	**-**
	(-)	(-)	(-)	**(-)**
Assigned to Third Party	-	2,58,555.55	-	**258,555.55**
	(-)	(-)	(-)	**(-)**
Balance as at March 31, 2019	-	-	2,934.91	**2,934.91**
	(-)	(1,87,450.35)	(2,934.91)	**(190,385.26)**
Non Current Investment				
Balance as at March 31, 2019	310.19	-	-	**310.19**
	(244.14)	(-)	(-)	**(244.14)**

Figures in brackets represents previous year's amounts.

2 **Transactions with related parties for the year ended March 31, 2019. (for the period of relationship exist)**

₹ in Lakhs

Nature of transactions	Key Managerial Persons			
	Mr. Debashis Bir	**Mr. Nikhil Jain**	**Mr. Paresh Rathod**	**Total**
Short Term Employee Benefits	70.78	48.02	39.85	158.65
	(-)	(31.58)	(-)	(31.58)
Post Employment Benefits	3.50	2.19	1.44	7.13
	(-)	(1.44)	(-)	(1.44)

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 figure.*

c) Loan given and investment made covered u/s 186(4) of the Companies Act, 2013 are given under the respective head.

Notes to Financial Statements

Note - 39

Operating Lease

The Company has entered in to a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 30 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under non-cancellable operating lease:

₹ in Lakhs

Sr No.	Particulars	**2018 - 2019**	2017 - 2018
1	Rent debited to statement of profit and loss during the year	**166.84**	166.76
2	Future Minimum Lease payments payable in:		
	i Less than one year	**498.06**	167.73
	ii One to five years	**841.96**	769.25
	iii More than five years	**11,138.95**	11,379.38

Note - 40

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 a 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.

I Interest rate exposure profile appended in the table below

₹ in Lakhs

Borrowings	**As at March 31, 2019**	As at March 31, 2018
Floating Rate Loans	**8,00,342.40**	7,50,986.66
Fixed Rate Loans	**3,76,386.63**	3,17,007.17
Total	**11,76,729.03**	10,67,993.83

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

₹ in Lakhs

Risk Exposure	**As at March 31, 2019**		As at March 31, 2018	
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	**1,600.68**	**1,600.68**	1,501.97	1,501.97

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).

Notes to Financial Statements

Foreign currency exposures

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Payables (A)	**30,794.47**	31,248.25
Trade and Other Receivables (B)	**609.98**	13,308.14
Net Exposure (A-B)	**30,184.49**	17,940.11

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:

₹ in Lakhs

Risk Exposure	As at March 31, 2019		As at March 31, 2018	
	5 % Increase	**5 % Decrease**	5 % Increase	5 % Decrease
Effect on profit/ (loss) before tax due to foreign exchange rate fluctuation	**1,509.22**	**1,509.22**	897.01	897.01

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.

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, Letter 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, 2019*					
Non Current Borrowings	-	5,078.80	42.25	940.06	6,061.11
Current Borrowings	5,91,645.45	-	-	-	5,91,645.45
Other financial liabilities	7,61,868.37	-	-	-	7,61,868.37
Trade Payables	28,545.25	-	-	-	28,545.25
Total	**13,82,059.07**	**5,078.80**	**42.25**	**940.06**	**13,88,120.18**

Notes to Financial Statements

₹ in Lakhs

Liquidity Profile	Less than 1 year	1-3 Year	3-5 Year	More than 5 Year	Total
As at March 31, 2018					
Non Current Borrowings	5,34,032.86	35,029.41	28476.58	49,185.49	6,46,724.34
Current Borrowings	4,22,225.82	-	-	-	4,22,225.82
Other financial liabilities	95,542.28	-	-	-	95,542.28
Trade Payables	29,195.12	-	-	-	29,195.12
Total	10,80,996.08	35,029.41	28,476.58	49,185.49	11,93,687.56

* All the Payables are reflected as less than 1 year since all the lenders have recalled the loan

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, 2019	As at March 31, 2018
Equity		**73,759.13**	73,759.13
Retained Earnings		**(11,15,908.27)**	(29,414.93)
	Total (A)	**(10,42,149.14)**	44,344.20
Borrowing			
Non-Current		**27,762.02**	6,46,724.34
Current		**11,50,198.46**	4,22,225.82
	Total (B)	**11,77,960.48**	10,68,950.16
Capital Gearing Ratio (B/A)		**(1.13)**	24.11

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 16 and Note No 19 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 37)

₹ in Lakhs

Particulars	For the year ended March 31, 2019
Changes in contract liability are as follows:	
Balance at the beginning of the year	**43,810.38**
Provision recognised during the year	**-**
Cost Incurred during the year	**(12,366.00)**
Translation exchange difference	**-**
Balance at the end of the year	**31,444.38**
Changes in contract assets are as follows:	
Balance at the beginning of the year	**46,660.94**
Revenue Recognized during the year	**14,793.23**
Invoice Raised and Revenue Booked during the year	**(5,185.16)**
Impaired/ Write off/ Transferred to Inventory during the year	**(12,427.38)**
Receipts against invoice or Advance settled against revenue	**(273.19)**
Balance at the end of the year	**43,568.44**
Reconciliation of revenue recognised with the contracted price is as follows:	
Contracted price	**14,793.23**
Reductions towards variable consideration components	**(530.41)**
Revenue recognised	**14,262.82**

The reduction towards variable consideration comprises of Liquidated Damages, which are shown separate in note 23

Disclosure in respect of long term contracts under progress:

Sr No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a	The contract revenue recognised in the year	**15,666.23**	32,888.03
b	The aggregate amount of cost incurred and recognised in profits (less recognised losses) upto the end of year for all contracts in progress.	**1,55,087.06**	2,02,279.83
c	Amount of advance received from the customers for contracts in progress.	**1,48,697.54**	1,87,979.73
d	The retention amount due from customers for contracts in progress as at the end of financial year.	**-**	-

Note No. 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	(10,25,826.23)	98.43%	(10,48,104.72)	95.92%	(11.96)	100.00%	(10,48,116.68)	95.92%
Indian Subsidiaries								
E Complex Private Limited	(15,207.81)	1.46%	(45,041.87)	4.12%	-	-	(45,041.87)	4.12%
RMOL Engineering and Offshore Limited (Formerly Reliance Marine and Offshore Limited)	(14,629.06)	1.40%	(14,597.02)	1.34%	-	-	(14,597.02)	1.34%
Reliance Lighter Than Air Systems Private Limited	(7.70)	0.00%	(0.44)	0.00%	-	-	(0.44)	0.00%
Reliance Technologies and Systems Private Limited	(0.64)	0.00%	(0.08)	0.00%	-	-	(0.08)	0.00%
REDS Marine Services Limited (Formerly Reliance Engineering and Defence Services Ltd)	(3,837.03)	0.37%	(3,157.76)	0.29%	-	-	(3,157.76)	0.29%
Foreign Subsidiary								
PDOC Pte. Ltd.	(34.55)	0.00%	(11.70)	0.00%	-	-	(11.70)	0.00%
Indian Associate (Investment as per the equity Method)								
Conceptia Software Technologies Private Limited	310.19	-0.03%	66.05	-0.01%	-	-	66.05	-0.01%
Total Eliminations	17,083.69	-1.63%	18,192.40	-1.66%	-	-	18,192.40	-1.66%
Total	**(10,42,149.14)**	**100.00%**	**(10,92,655.14)**	**100.00%**	**(11.96)**	**100.00%**	**(10,92,667.10)**	**100.00%**

Notes to Financial Statements

Note - 44

The Company has 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

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

Note - 46

Authorisation of Financial Statements

The Consolidated Financial Statements for the year ended March 31, 2019 were approved by the Board of Directors on May 28, 2019. The Management and authorities have the power to amend the Consolidated Financial Statements in accordance with section 130 and 131 of The Companies Act, 2013.

Note - 47

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	for and on behalf of the Board of Directors	
Chartered Accountants	**Debashis Bir**	Whole Time Director & Chief Executive Officer
Firm Reg. No.: 107783W		
	K Ravikumar	Directors
	Pankaj Pandya	
Gyandeo Chaturvedi	**Shiby Jobby**	
Partner		
Membership No.: 46806	**Nikhil Jain**	Chief Financial Officer
	Paresh Rathod	Company Secretary
Place: Mumbai	Place: Mumbai	
Date : May 28, 2019	Date : May 28, 2019	

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:

(₹ in crore)

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	(17,378.73)	61,075.86	-	1,861.06	(44452.45)	(589.40)	(45041.85)	-	100.00
2	RMOL Engineering and Offshore Limited*	NA	18-Feb-13	INR	5.00	(14,634.06)	29,969.53	29,968.00	6,197.32	(14597.02)	0	(14597.02)	-	100.00
3	Reliance Lighter Than Air Systems Private Limited	NA	18-Mar-14	INR	14.00	(21.70)	1.69	-	0.67	(0.31)	(0.13)	(0.44)	-	100.00
4	Reliance Technologies and Systems Private Limited*	NA	10-Feb-15	INR	1.00	(1.64)	0.01	-	0.42	(0.08)	0	(0.08)	-	100.00
5	REDS Marine Services Limited	NA	01-Oct-14	INR	5.00	(3,842.03)	18,700.89	-	4.74	(2617.07)	(540.69)	(3157.76)	-	100.00

2. Subsidiaries of the Company Outside India:

(₹ in crore)

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 (In SGD)	Reserves & Surplus (In SGD)	Total Assets (In SGD)	Total Investmen (In SGD)	Turnove (In SGD)	Profit/ (Loss) Before Taxatio (In SGD)	Provision for Taxation (In SGD)	Profit/ (Loss) After Taxation (In SGD)	Proposed Dividend (In SGD)	% of Shareholding
6	PDOC Pte. Ltd	NA	05-Sep-12	INR	25,000	(80,793.70)	15,454	-	-	(10596)	-	(10596)	-	100.00
	Exchange Rate as on March 31, 2019: 1SGD =INR 50.7116													

*Not yet commenced operations

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
		Conceptia Software Technologies Private Limited
1	Latest Audited Balance Sheet Date	March 31, 2019
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)	202.42
7	Profit/ (Loss) for the year ended March 31, 2019	
	1. Considered in Consolidation (₹ in Lakhs)	66.06
	2. Not considered in Consolidation	-

for Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No.: 107783W

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place: Mumbai
Date : May 28, 2019

for and on behalf of the Board of Directors

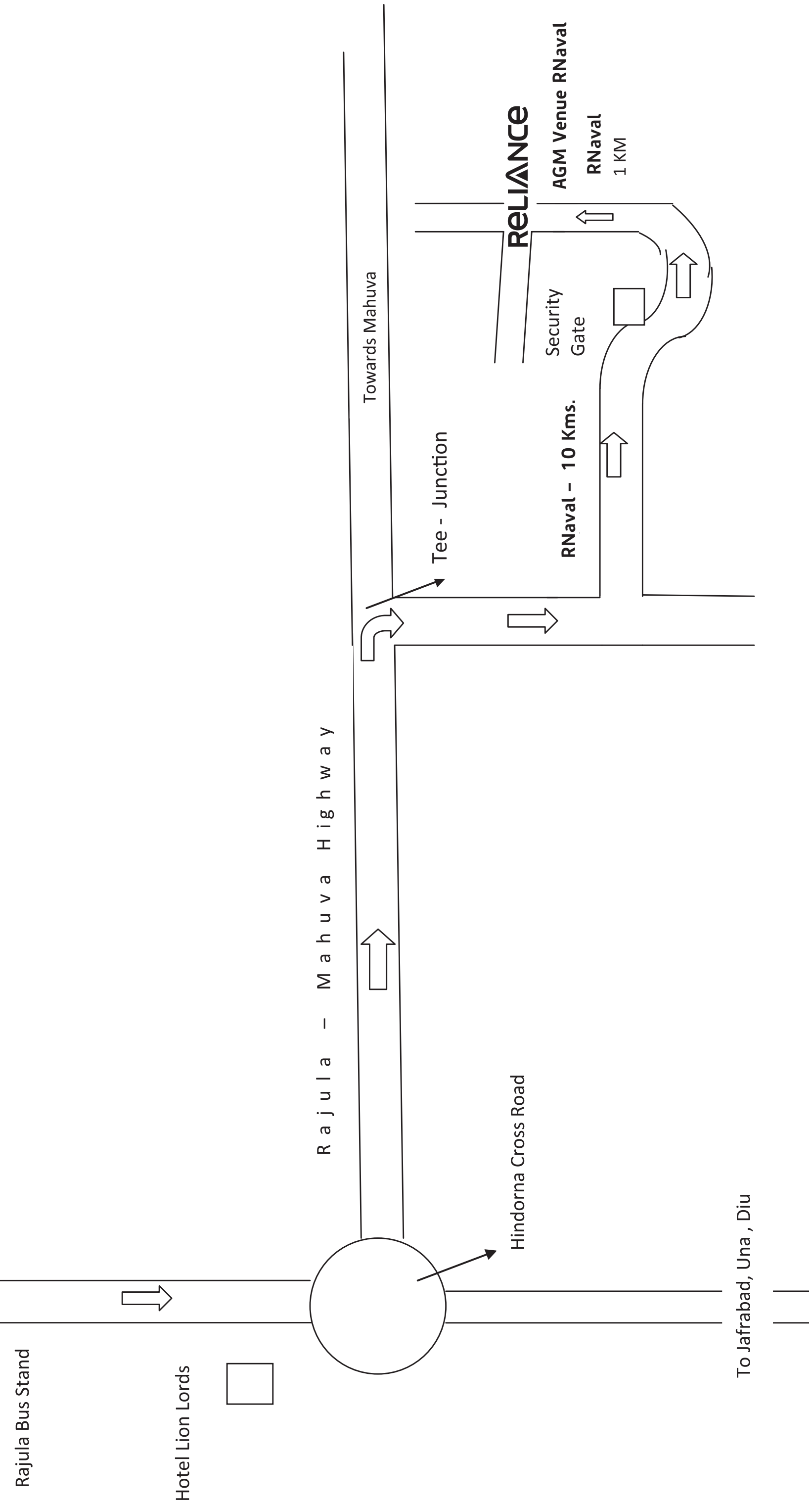
Debashis Bir Whole Time Director & Chief Executive Officer

K Ravikumar
Pankaj Pandya Directors
Shiby Jobby

Nikhil Jain Chief Financial Officer
Paresh Rathod Company Secretary

Place: Mumbai
Date : May 28, 2019

Notes



***RNaval–Reliance Naval and Engineering Limited**

Reliance Naval and Engineering

Reliance Naval and Engineering Limited

(Formerly known as Reliance Defence and Engineering Limited)

Registered Office: Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli 365 560, Gujarat, India
Tel: +91 2794 305000, **Fax:** +91 2794 305100
CIN: L35110GJ1997PLC033193, **Website:** www.rnaval.co.in, **E-mail**: rdel.investors@relianceada.com

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

ATTENDANCE SLIP

*DP Id.		Name & Address of the registered Shareholder
Regd. Folio No./*Client Id.		
No. of Share(s) held		

(*Applicable for Members holding shares in electronic form)

I hereby record my presence at the **22nd ANNUAL GENERAL MEETING** of the Members of Reliance Naval and Engineering Limited held on Saturday, September 28, 2019 at 10.30 A.M. at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli – 365 560, Gujarat.

Member's/Proxy's Signature

.... TEAR HERE ....

PROXY FORM

Reliance Naval and Engineering

Reliance Naval and Engineering Limited

(Formerly known as Reliance Defence and Engineering Limited)

Registered Office: Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli 365 560, Gujarat, India
Tel: +91 2794 305000, **Fax:** +91 2794 305100
CIN: L35110GJ1997PLC033193, **Website:** www.rnaval.co.in, **E-mail**: rdel.investors@relianceada.com

FORM NO. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Regd. Folio No / *Client Id.	
*DP ID.	

(*Applicable for Members holding Shares in electronic form)

I/We, being the member(s) of ________________ shares of the above named company, hereby appoint:

(1) Name: ________________ Address: ________________
E-mail id: ________________ Signature ________________ or failing him;

(2) Name: ________________ Address: ________________
E-mail id: ________________ Signature ________________ or failing him;

(3) Name: ________________ Address: ________________
E-mail id: ________________ Signature ________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Members of Reliance Naval and Engineering Limited to be held on Saturday, September 28, 2019 at 10.30 a.m. at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli – 365 560, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Matter of Resolution	For	Against
1.	To consider and adopt: a. the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of Board of Directors and Auditors thereon; and		
	b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon.		
2.	To appoint a Director in place of Shri Debashis Bir (DIN: 01932925), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
3.	Appointment of Ms. Ankita Tallur as a Director		
4.	Appointment of Ms. Shiby Jobby as a Director		
5.	Appointment of Shri Venkata Rachakonda as a Director		
6.	Appointment of Shri Pankaj Pandya as an Independent Director		
7.	Re-appointment of Shri Debashis Bir as the Whole-time Director		
8.	Change of name of the Company		

Signed this _______ day of _______ 2019.

Affix Revenue Stamp

Signature of Shareholder(s) : ________________

Signature of Proxy holder(s) : ________________

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

If undelivered please return to :

Karvy Fintech Private Limited
(Unit: Reliance Naval and Engineering Limited)
Karvy Selenium Tower – B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
Tel. no. : +91 40 6716 1500
Fax no. : +91 40 6716 1791
E-mail : ris.rdel@karvy.com
Website : www.karvyfintech.com

www.sapprints.com

RELIANCE

Naval and Engineering

Reliance Naval and Engineering Limited

(Formerly known as Reliance Defence and Engineering Limited)

Registered Office: Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli 365 560, Gujarat, India

Tel: +91 2794 305000, **Fax:** +91 2794 305100

CIN: L35110GJ1997PLC033193, **Website:** www.rnaval.co.in, **E-mail**: rdel.investors@relianceada.com

Despatch Ref. No.:

Reference No.

1	Name and registered address of the sole / first named Member (IN BLOCK LETTERS)	:
2	Name(s) of the joint Member(s), if any, (IN BLOCK LETTERS)	:
3	Registered Folio Number / DP ID No. / Client ID No. *	:
4	Number of Share(s) held	:

(*Applicable to investors holding share(s) in dematerialized form)

Dear Member,

Sub.: Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Reliance Naval and Engineering Limited ("RNAVAL" or "the Company") is providing e-voting facility (remote e-voting) to its Members in respect of the items of business to be transacted at the 22nd Annual General Meeting scheduled to be held on Saturday, September 28, 2019 at 10:30 A.M. at Pipavav Port, Post Ucchaiya, Via Rajula, Dist. Amreli 365 560, Gujarat.

The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the authorised agency to provide e-voting facility. The remote e-voting particulars are set out below:

EVEN (E-Voting Event Number)	User ID	Password / PIN

The remote e-voting facility will be available during the following period:

Commencement of remote e-voting : From 10:00 A.M. IST on Tuesday, September 24, 2019.

End of remote e-voting : Up to 5:00 P.M. IST on Friday, September 27, 2019.

The facility of remote e-voting will not be available beyond the aforesaid date and time and it will be disabled by Karvy upon expiry of aforesaid period. **The cut-off date for the purpose of remote e-voting for the 22nd Annual General Meeting is Saturday, September 21, 2019.**

Please read the instructions printed overleaf before exercising your vote. This communication forms an integral part of the Notice of the Company dated August 26, 2019 for the 22nd Annual General Meeting scheduled to be held on Saturday, September 28, 2019 which is being mailed to you with this communication.

The Notice for the 22nd Annual General Meeting and this communication are also available on the website of the Company at www.rnaval.co.in

Yours faithfully,
For Reliance Naval and Engineering Limited

Avinash Godse
Company Secretary & Compliance Officer

Mumbai
August 26, 2019

Instructions and other information relating to e-voting are as under:

1. The Company is pleased to provide remote e-voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

   i) Open your web browser during the remote e-voting period and navigate to "https://evoting.karvy.com".

   ii) 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
	For Members holding shares in Physical Form:- Event Number followed by Folio No. registered with the Company
Password	Your unique password is printed overleaf / 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

   iii) Members can cast their vote on-line from Tuesday, September 24, 2019 at 10:00 A.M. IST to Friday, September 27, 2019, till 5:00 P.M. IST.

   iv) After entering these details appropriately, click on "LOGIN".

   v) 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 Karvy 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.

   vi) You need to login again with the new credentials.

   vii) On successful login, system will prompt you to select the 'Event' i.e. **'Company Name'**.

   viii) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and have cast your vote earlier for any company, then your existing login ID and password are to be used.

   ix) On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / 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'.

   x) 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.

   xi) Once you 'CONFIRM' your vote on the resolution whether partially or otherwise, you will not be allowed to modify your vote.

   xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant board resolution / authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to 'evoting@karvy.com'. The file / scanned image of the board resolution / authority letter should be in the naming format 'Corporate Name Event no.'.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

3. 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 cut-off date being Saturday, September 21, 2019.

4. **The facility for voting shall also be available at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again at the meeting.**

5. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Karvy's website https://evoting.karvy.com OR contact toll free no.**1800 4250 999**.