Notes to Financial Statements

Note - 1

Statement of Significant Accounting Policies

General Information

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

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

On September 4, 2018, IDBI Bank in its capacity of financial creditor had filed a petition under the Insolvency and Bankruptcy Code 2016 (the "IBC" / "Code") with the Hon'ble National Company Law Tribunal, Ahmedabad (the "NCLT") against Reliance Naval and Engineering Limited ("the Company"). The NCLT, vide its order dated January 15, 2020 ("Insolvency Commencement Date") initiated the Corporate Insolvency Resolution Process ("CIRP") of the Company under the Code. The said NCLT Order also records the appointment of Mr. Rajeev Bal Sawangikar as the Interim Resolution Professional ("IRP") in accordance with Section 16 of the Code. Subsequently, pursuant to the meeting held on March 13, 2020, the Committee of Creditors (the "CoC") has replaced the existing IRP with Mr. Sudip Bhattacharya as the Resolution Professional ("RP") for the Company. Upon the application filed by CoC, the NCLT has approved the appointment of RP vide its order dated 5th May, 2020. Under the IBC proceedings, the powers of the board have been suspended with effect from January 15, 2020. The powers of the Board of Directors are to be exercised by the RP. The NCLT order also provided for a moratorium with effect from January 15, 2020 till the completion of the CIRP or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the Company under Section 33, whichever is earlier. Currently, the Company is under CIRP.

Significant Accounting Policies

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

a Basis of Preparation of Financial Statements:

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

b Historical Cost Convention:

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

i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS;

ii Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;

iii Defined benefit plans - plan assets measured at fair value; and

iv Assets held for sale – measured at fair value less cost to sell;

c Functional and Presentation Currency:

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

d Use of Estimates:

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long - term financial liabilities:

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

vi. Determining whether an arrangement contains a lease:

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

vii. Fair value of financial instruments:

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

viii. Revenue recognition:

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

e Current Versus Non Current Classification:

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

1 Expected to be realised or intended to be sold or consumed in normal operating cycle

2 Held primarily for the purpose of trading

3 Expected to be realised within twelve months after the reporting period, or

4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

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

1 Expected to be settled in normal operating cycle

2 Held primarily for the purpose of trading

3 Due to be settled within twelve months after the reporting period, or

4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

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

f **Other Significant Accounting Policies:**

I **Property, Plant and Equipments:**

i. The Company has measured all of its Plant and Equipments and Freehold Land at fair value at the date of transition to Ind AS. The Company has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost.

ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use are capitalised as part of total cost of assets.

iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II **Depreciation:**

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

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

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

ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.

iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III **Borrowing Costs:**

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

IV **Intangible Assets:**

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

V Fair Value Measurement:

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

VI Inventories:

i. Raw Materials, Stores and Spares, Work – in – Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.

ii. If payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII IND AS 116 – Leases:

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

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

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

VIII Government Subsidy:

i Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

ii Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such subsidies are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.

iii Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.

iii. Non monetary foreign currency items are carried at historical cost.

iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X Financial Instruments:

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

Notes to Financial Statements

Financial Assets:

i Classification:

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

ii Initial recognition and measurement:

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

iii Financial Assets measured at amortised cost:

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

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

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

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

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

vi Investment in Subsidiaries and Associates:

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

vii Investment in Equity Instruments:

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

viii Investment in Debt Instruments:

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

ix Derecognition of Financial Assets:

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

x Impairment of Financial Assets:

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

Financial Liabilities:

i Classification:

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

ii Initial recognition and measurement:

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

iii Subsequent measurement:

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

iv Loans and Borrowings:

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

v Derecognition of Financial Liabilities:

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

vi Derivative Financial Instrument and Hedge Accounting:

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

XI Employee Benefits:

i Short term employee benefits:

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

ii. Defined benefit plans:

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

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

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

iii. Other long-term employee benefits:

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

Notes to Financial Statements

XII Provision for Current and Deferred Tax:

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

i. Current tax:

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

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

1 has a legally enforceable right to set off the recognised amounts; and

2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax:

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

Deferred tax assets and liabilities are offset only if:

1 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

2 Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIII Impairment of Assets:

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

XIV Warranty Provision:

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

XV Provision, Contingent Liabilities and Contingent Assets:

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

XVI Earnings per share:

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

1 the profit attributable to owners of the Company;

2 by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

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

1 the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and

2 the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Note - 2

A Property, Plant and Equipments

₹ in Lakhs

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

* Other than Internally Generated.

	2019 - 2020	2018 - 2019
B Capital Work in Progress	3,669.00	10,277.21

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

2.2 All the fixed assets of the Company are either 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	For the year ended March 31, 2020	For the year ended March 31, 2019
- Assets under construction and installation	**3,669.00**	10,277.21
- Preoperative expenses	**-**	-

2.4 Details of Preoperative expenses are as under:

₹ in Lakhs

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

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

₹ in Lakhs

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

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

Note - 3
Investments

₹ in Lakhs

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

Notes to Financial Statements

₹ in Lakhs

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

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

3.2 Aggregate amount of Non Current Investments.

₹ in Lakhs

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

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

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

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

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

3.7 During the year, application has been filed in the NCLT, Ahmedabad Bench, by financial creditors against E-Complex Private Limited and REDS Marine Services Limited, wholly owned subsidiaries of the Company. The application is yet to be admitted.

Note - 4
Other Financial Assets

₹ in Lakhs

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

Notes to Financial Statements

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

₹ in Lakhs

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

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

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

5.2 The Company has not recognised net deferred tax assets as Company is not certain that sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as evidences.

Note - 6
Other Non Current Assets
(Unsecured and considered good)

₹ in Lakhs

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

Note - 7
Inventories

₹ in Lakhs

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

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

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

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

Notes to Financial Statements

Note – 8
Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
Trade Receivables Considered Good – Unsecured	**45.53**		555.17	
Trade Receivables Credit Impaired	**79,673.91**		78,813.67	
	79,719.44		79,368.84	
Less: Provision for Credit Impaired	**79,673.91**		78,813.67	
		45.53		555.17
Total		**45.53**		555.17

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, 2020	As at March 31, 2019
Balances with Banks in Current Accounts	**1,550.49**	4,995.01
Cash on hand	**0.15**	10.96
Total	**1,550.64**	5,005.97

Note – 10
Other Bank Balances

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Banks held as Margin Money	**29.14**	572.57
Total	**29.14**	572.57

Note – 11
Other Current Financials Assets
(Unsecured & considered good)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Receivable	**0.87**	82.23
Total	**0.87**	82.23

Note – 12
Other Current Assets
(Unsecured & considered good)

₹ in Lakhs

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

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

Notes to Financial Statements

Note - 13

Share Capital

₹ in Lakhs

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

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

₹ in Lakhs

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

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

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

* Less than 5% as at March 31, 2020

13.3 Terms and Rights attached to Equity Shares:

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

Note - 14

Other Equity

₹ in Lakhs

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

Notes to Financial Statements

₹ in Lakhs

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

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

Nature and Purpose of Reserves :

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

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

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

Note - 15

Borrowings

₹ in Lakhs

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

15.1 Compulsorily Redeemable Preference Shares:

i) 42,245,764 Compulsorily Redeemable Preference Shares (CRPS) having face value of ₹ 10 each per share to one of its lenders against partial conversion of its outstanding debt in the previous year. The same are redeemable in 65 quarterly structured instalments commencing from March 2019 to March 2035. Annual dividend of 0.10% p.a. will be payable per CRPS on a cumulative basis. However Redemption of the same has not been done considering the temporary financial crunch with the Company.

ii) As at March 31, 2020 all the preference shares are held by Reliance Defence Systems Private Limited (Previous Year - 100%).

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

₹ in Lakhs

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

* Accounted on Fair Value. Refer note no 35

15.2 Non Convertible Debentures (NCD):

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

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

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

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

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

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

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.

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

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

₹ in Lakhs

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

Note – 16
Provisions

₹ in Lakhs

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

Note – 17
Other Non Current Liabilities

₹ in Lakhs

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

Notes to Financial Statements

Note - 18

Short Term Borrowings

₹ in Lakhs

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

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

i) First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.

ii) Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.

iii) Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

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

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

₹ in Lakhs

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

Note - 19

Trade Payables

₹ in Lakhs

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

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

₹ in Lakhs

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

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

Note - 20

Other Current Financial Liabilities

₹ in Lakhs

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

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

Note - 21

Other Current Liabilities

₹ in Lakhs

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

Note - 22

Current Provisions

₹ in Lakhs

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

Notes to Financial Statements

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

₹ 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, 2019	9,024.61	176.37	201.70	25,617.98
Add: Provision made for the year ended March 31, 2020	0.01	-	1,755.11	-
Less: Amount Incurred and charged against the opening balance	-	-	-	2,510.02
Balance as at March 31, 2020	**9,024.62**	**176.37**	**1,956.81**	**23,107.96**

Notes - 23

Revenue from Operations

₹ in Lakhs

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

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

Notes - 24

Other Income

₹ in Lakhs

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

Notes - 25

Cost of Materials Consumed

₹ in Lakhs

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

Notes to Financial Statements

Notes - 26

Changes in Inventories of Work - in - Progress and Scrap

₹ in Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
At the end of the year			
Scrap		-	46.46
Work in progress		**9,192.45**	7,842.36
	a	**9,192.45**	7,888.82
Less :- At the beginning of the year			
Scrap		**46.46**	46.46
Work in progress		**7,842.36**	747.84
	b	**7,888.82**	794.30
Changes in Inventories	(b - a)	**(1,303.63)**	(7,094.52)

Notes - 27

Employee Benefits Expenses

₹ in Lakhs

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

27.1 Employee Benefits

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

Defined Contribution Plan

₹ in Lakhs

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

Defined Benefit Plan

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

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

Notes to Financial Statements

a) **Gratuity (Funded)**

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

₹ in Lakhs

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

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

₹ in Lakhs

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

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

₹ in Lakhs

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

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

₹ in Lakhs

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

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

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

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

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

vi) **Sensitivity Analysis:**

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

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

vii) **Risk Exposure :**

1 **Investment Risk:** The Present value of the defined benefit plan laibility is calculated using a discount rate which is determined by reference to market yeilds 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 liabilty is calculated by refrence 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 incraese in the salary of the plan participants will increase the plan's liability.

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

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

₹ in Lakhs

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

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

b) **Leave Encashment (Unfunded)**

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

₹ in Lakhs

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

Notes to Financial Statements

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

₹ in Lakhs

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

iii) Expenses recognised during the year:

₹ in Lakhs

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

iv) Assumptions used to determine the defined benefit obligations:

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

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

Notes - 28

Finance Costs

₹ in Lakhs

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

Notes - 29

Other Expenses

₹ in Lakhs

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

Notes to Financial Statements

₹ in Lakhs

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

29.1 Payment to Auditors includes:

₹ in Lakhs

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

Notes - 30

Exceptional Items

Exceptional items for the year ended March 31, 2020 consist of impairment of Capital Work in Progress amounting ₹ 6,608.21 lakhs. For the previous year ended March 31, 2019 exceptional items includes impairment of Property Plant & Equipment and Capital Work in Progress of ₹ 783,303.77 lakhs, Trade Receivables of ₹ 75,325.62 lakhs and provision for financial guarantee obligation in respect of borrowing by one of the wholly owned subsidiary of ₹ 16,032.11 lakhs.

Notes - 31

Earnings Per Share (Basic and Diluted)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Loss attributable to the Equity Shareholders		**(1,62,132.70)**	(10,48,104.72)
Amount available for calculation of Basic and Diluted EPS	**(a)**	**(1,62,132.70)**	(10,48,104.72)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	**(b)**	**73,75,91,263**	73,75,91,263
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	**(a) / (b)**	**(21.98)**	(142.10)

Notes to Financial Statements

Note - 32

Contingent Liabilities and Commitments

32.1 Contingent Liabilities:

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

₹ in Lakhs

Sr. No.		Particulars	2019 - 2020	2018 - 2019
a)		Guarantees given by Company's Bankers		
	i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	**15,190.11**	1,03,639.96
	ii)	Other Bank Guarantees	**672.96**	972.96
		(Bank Guarantees are provided under contractual/ legal obligations.)		
b)		Corporate Guarantee	**13,924.02**	11,983.40
		(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	**178.60**	51.28
		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**	3,939.92
		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	**15,273.91**	12,360.52
		The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability.		
d)		Letters of Credit opened in favour of suppliers	**-**	161.09
		(Cash Outflow is expected on receipt of materials from suppliers)		

32.2 Commitments:

₹ in Lakhs

Sr. No.	Particulars	2019 - 2020	2018 - 2019
-	Other Commitments	**802.24**	802.24
	(for investment in the Associates and Joint Venture)		

Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 64,400 lakhs (Previous Year: ₹ 64,400 lakhs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc. a General Bond in favour of the President of India for a sum of ₹ 15,300 lakhs (Previous Year : ₹ 15,300 lakhs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350 lakhs (Previous Year: 1,350 lakhs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

Notes to Financial Statements

The Company had received Twenty One show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to alleged wrong availment of Cenvat/Customs Duty/ Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/ documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 34

Going Concern

Financial statements of the Company for the period and year ended March 31, 2020 have been taken on record by the RP while discharging the powers of the erstwhile Board of Directors of the Company which were conferred upon him by the aforementioned NCLT order dated May 5, 2020 to run the Company as a going concern during CIRP. Hence the financial statements for the period and year ended March 31, 2020 have been prepared on going concern assumptions. The RP took charge of the Company on May 5, 2020 and authorized the Key Management Personnel (KMP's) to continue with their respective roles and charges as per their original work allocation.

Note - 35

Fair Value Measurements

The fair value of the financial assets and liabilities are included at the amount that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide 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 Convertible Debentures are initially recognised on fair value and the difference between fair value and transaction price is considered as Other Income. Subsequently the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised as other income on the transaction date and subsequent impact are recognised as finance cost in the Statement of Profit and Loss.

The carrying amount of all other Financial Liabilities is reasonably approximate to its fair value. The fair values disclosed above are based on discounted cash flows using current borrowing rate. These are classified at level 2 fair values in the fair value hierarchy due to the use of observable inputs.

During the years mentioned above, there have been no transfers amongst the levels of the hierarchy.

Valuation process

The Company evaluates the fair value of the financial assets and financial liabilities on periodic basis using the best and most relevant data available. Also the Company internally evaluates the valuation process periodically.

Notes to Financial Statements

Note - 36

Segment Reporting

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2020 and in respect of assets/liabilities as at March 31, 2020.

I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

II **Information about Secondary Segment :**

Geographical Segment : ₹ in Lakhs

Particulars	**2019 - 2020**	2018 - 2019
Revenue by Geographical Segment		
Within India	**7,549.08**	17,821.42
Outside India	**-**	178.93
Total Revenue	**7,549.08**	18,000.35
Carrying Amount of Segment Assets		
Within India	**4,03,578.42**	3,35,268.16
Outside India	**740.60**	741.95
Total Assets	**4,04,319.02**	3,36,010.11
Capital Expenditure (net of impairment)		
Within India	**-**	12.09
Outside India	**-**	-

III **Revenue from Major Customers :**

Revenue from operations include ₹ 6,107.05 lakhs (Previous Year: ₹ 18,728.19 lakhs) from four customers (Previous Year: four customer) having more than 10% of the total revenue

Note - 37

Related Party Disclosures

a) **List of Related parties**

1 **Subsidiary Companies**

E Complex Private Limited (ECPL)

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

Reliance Underwater Systems Private Limited *(formerly Reliance Lighter Than Air Systems Private Limited) (RUSPL)* up to 15th August 2019

Reliance Technologies and Systems Private Limited *(RTSPL)*

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

PDOC Pte. Ltd. *(PDOC)*

2 **Associates**

Reliance Defence Systems Private Limited

Reliance Defence Limited

Reliance Infrastructure Limited

Conceptia Software Technologies Private Limited

3 **Key Managerial Personnel**

Mr. Debashis Bir (upto 31.03.2020)

Mr. Nikhil Jain (upto 01.09.2019)

Mr. Paresh Rathod (upto 16.08.2019)

Mr. Madan Pendse (w.e.f.: 31.07.2019)

Mr. Avinash Godse (w.e.f.: 10.08.2019)

b) Terms and Conditions of transactions with related parties

The transactions with related parties are at arm's length price and in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances, which is merely reimbursement of expenses. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

1 **Transactions with related parties for the year ended March 31, 2020 (for the period which relationship exist)**

₹ in Lakhs

Nature of transactions	Subsidiary Company						
	RUSPL	REDS	PDOC	ECPL	RTSPL	RMOL	Total
Lease Rent	-	-	-	393.50	-	-	**393.50**
	(-)	(-)	(-)	(393.50)	(-)	(-)	**(393.50)**
Infrastructure Facility Charges	-	-	-	1,240.00	-	-	**1,240.00**
	(-)	(-)	(-)	(1,090.00)	(-)	(-)	**(1,090.00)**
Interest Expenses	-	-	-	537.98	-	-	**537.98**
	(-)	(-)	(-)	(375.83)	(-)	(-)	**(375.83)**
Security Deposits - Non Current	-	-	-	7,370.00	-	-	**7,370.00**
	(-)	(-)	(-)	(7,370.00)	(-)	(-)	**(7,370.00)**
Loans and Advances							
Balance as at April 1, 2019	-	-	-	-	-	-	**-**
	(3.78)	(4.22)	(26.40)	-	(0.07)	(258.19)	**(292.66)**
Given During the year	-	-	-	-	-	-	**-**
	(0.10)	(-)	(0.75)	(-)	(-)	(10.03)	**(10.88)**
Received during the year	-	-	-	-	-	-	**-**
	(-)	(0.30)	(-)	(-)	(-)	(-)	**(0.30)**
Impaired during the Year	-	-	-	-	-	-	**-**
	(3.88)	(3.92)	(27.15)	(-)	(0.07)	(268.22)	**(303.24)**
Balance as at March 31, 2020	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Borrowings							
Balance as at April 1, 2019	-	-	-	3,766.63	-	-	**3,766.63**
	(-)	(-)	(-)	(2,716.08)	(-)	(-)	**(2,716.08)**
Received During the year	-	-	-	1,953.08	-	-	**1,953.08**
	(-)	(-)	(-)	(1,626.80)	(-)	(-)	**(1,626.80)**
Repaid during the year	-	-	-	544.87	-	-	**544.87**
	(-)	(-)	(-)	(576.25)	(-)	(-)	**(576.25)**
Balance as at March 31, 2020	-	-	-	5,174.84	-	-	**5,174.84**
	(-)	(-)	(-)	(3,766.63)	(-)	(-)	**(3,766.63)**
Interest Payable							
Balance as at March 31, 2020	-	-	-	1,073.18	-	-	**1,073.18**
	(-)	(-)	(-)	(535.20)	(-)	(-)	**(535.20)**
Corporate Guarantee							
Balance as at March 31, 2020	-	6,961.75	-	5,021.65	-	-	**11,983.40**
	(-)	(6,961.75)	(-)	(5,021.65)	(-)	(-)	**(11,983.40)**
Non Current Investment							
Balance as at March 31, 2020	-	-	-	1,896.73	-	-	**1,896.73**
	(-)	(-)	(-)	(1,896.73)	(-)	(-)	**(1,896.73)**

Figures in brackets represents previous year's amounts.

2 **Transactions with related parties for the year ended March 31, 2020 (for the period which relationship exist)**

₹ in Lakhs

Nature of transactions	Associates			
	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Limited	Reliance Defence Systems Private Limited	Total
Engineering & Design Fees	-	-	-	**-**
	(6.11)	(-)	(-)	**(6.11)**
Rent	-	145.62	-	**145.62**
	(-)	(118.76)	(-)	**(118.76)**
Interest Expenses on ICD	-	-	367.87	**367.87**
	(-)	(23,851.28)	(366.86)	**(24,218.14)**
Sale of Surplus Material	-	-	-	**-**
	(-)	(65.69)	(-)	**(65.69)**
Dividend Received	-	-	-	**-**
	(2.55)	(-)	(-)	**(2.55)**
Trade Payables	71.49	752.56	-	**824.05**
	(71.49)	(573.02)	(-)	**(644.51)**
Interest Accrued but not due	-	44,743.28	912.78	**45,656.06**
	(-)	(44,743.28)	(544.91)	**(45,288.19)**
Borrowings				
Balance as at April 1, 2019	-	-	2,934.91	**2,934.91**
	(-)	(1,69,643.77)	(2,934.91)	**(1,72,578.68)**
Received during the year	-	-	-	**-**
	(-)	(58,845.20)	(-)	**(58,845.20)**
Assigned to Third Party	-	-	-	**-**
	(-)	(2,28,488.97)	(-)	**(2,28,488.97)**
Balance as at March 31, 2020	-	-	2,934.91	**2,934.91**
	(-)	(-)	(2,934.91)	**(2,934.91)**
Non Current Investment				
Balance as at March 31, 2020	153.48	-	-	**153.48**
	(153.48)	(-)	(-)	**(153.48)**

Figures in brackets represents previous year's amounts.

3 **Transactions with related parties for the year ended March 31, 2020. (for the period which relationship exist)**

₹ in Lakhs

Nature of transactions	Key Managerial Persons*					
	Mr. Madan Pendse	Mr. Debashis Bir	Mr. Nikhil Jain	Mr. Paresh Rathod	Mr. Avinash Godse	Total
Short Term Employee Benefits	13.30	93.42	25.00	17.30	8.48	157.50
	(-)	(70.78)	(48.02)	(39.85)	(-)	(158.65)
Post Employment Benefits	-	3.75	0.91	0.69	0.34	5.69
	(-)	(3.50)	(2.19)	(1.44)	(-)	(7.13)

Figures in brackets represents previous year's amounts.

* As the liability of gratuity and leave encashment is provided by Company as a whole and not for particular person, the same is not included in above figures.

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

i) Loan given and investment 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 - 38

Operating Lease

Effective April 1, 2019, the Company has adopted Ind AS-116 "Leases" under modified retrospective approach without adjustment of comparatives and has considered a Right of Use (ROU) Assets and corresponding lease liabilities of ₹ 9,768.46 Lakhs during the Year ended March 31, 2020. Due to transition, the nature of expenses in respect of non-cancellable operating lease has changed from lease rent to depreciation and finance costs for the ROU assets and lease liabilities respectively. This has resulted in increase in depreciation and amortization expense ₹ 1,065.38 Lakhs, finance costs of ₹ 1,381.31 Lakhs and decrease in infrastructure operations and maintenance cost of ₹ 1,814.64 Lakhs for the Year ended March 31, 2020.

Future minimum lease payments under non-cancellable operating lease:

₹ in Lakhs

Sr No	Particulars	As at March 31, 2020
1	Depreciation charge for right-of-use assets	**1,065.38**
2	Interest expense on lease liabilities	**1,381.31**
3	Expense relating to short-term leases:	
	- Infra Operation & maintenance cost	**1,814.64**
	- Other Expenses	**-**
4	Total cash outflow for leases	**-**
5	Additions to right-of-use assets	**10,833.84**
6	Carrying amount of right-of-use assets	**9,768.46**
7	Carrying amount of lease liabilities	**10,400.76**

Maturity analysis of lease Payables on undiscounted basis

₹ in Lakhs

Sr No	Particulars	As at March 31, 2020
1	Within one year	**1,833.23**
2	After one year but not later than five years	**7,636.14**
3	Later than five years	**15,954.37**
Total		**25,423.74**

Note - 39

Financial Risk Management Objective and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Company's operations, projects under implementation and to provide guarantees to support its operations. The Company's principal financial assets include investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors, reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk:

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Notes to Financial Statements

I Interest rate exposure profile appended in the table below

₹ in Lakhs

Borrowings	**As at March 31, 2020**	As at March 31, 2019
Floating Rate Loans	**9,00,520.54**	7,83,348.54
Fixed Rate Loans	**3,09,237.37**	3,07,034.87
	12,09,757.91	10,90,383.41

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, 2020**		As at March 31, 2019	
Effect on profit/ (loss) before tax due to following change in interest rates	**20 basis Points Increase**	**20 basis Points Decrease**	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	**1,801.04**	**1,801.04**	1,566.70	1,566.70

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency exposures:

₹ in Lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Payables (A)	**4,516.72**	30,794.47
Trade and Other Receivables (B)	**-**	609.98
Net Exposure (A-B)	**4,516.72**	30,184.49

The advances to the vendors in foreign currency is not considered above.

Foreign Risk Sensitivity:

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

₹ in Lakhs

Risk Exposure	**As at March 31, 2020**		As at March 31, 2019	
Effect on profit / (loss) before tax due to foreign exchange rate fluctuation	**5 % Increase**	**5 % Decrease**	5 % Increase	5 % Decrease
	225.84	**225.84**	1,509.22	1,509.22

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, Letters of Credit and Working Capital Limits.

The below table summarizes the maturity profile of the Company's financial liability based on contractual undiscounted cash flows:

₹ in Lakhs

Liquidity Profile	Less than 1 year	1-3 Year	3-5 Year	More than 5 Year	Total
As at March 31, 2020*					
Non Current Borrowings	-	63.36	111.95	959.08	1,134.39
Current Borrowings	6,45,844.79	-	-	-	6,45,844.79
Other Financial Liabilities	8,44,836.32	-	-	-	8,44,836.32
Trade Payables	29,992.20	-	-	-	29,992.20
Total	**15,20,673.31**	**63.36**	**111.95**	**959.08**	**15,21,807.70**
As at March 31, 2019					
Non Current Borrowings	-	78.80	42.25	940.06	1,061.11
Current Borrowings	5,26,614.08	-	-	-	5,26,614.08
Other Financial Liabilities	7,37,372.49	-	-	-	7,37,372.49
Trade Payables	28,134.46	-	-	-	28,134.46
Total	**12,92,121.03**	**78.80**	**42.25**	**940.06**	**12,93,182.14**

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

Note - 40

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Capital Gearing Ratio ₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	**73,759.13**	73,759.13
Retained Earnings	**(12,61,711.47)**	(10,99,585.36)
Total (A)	**(11,87,952.34)**	(10,25,826.23)
Borrowing		
Non-Current	**23,052.07**	5,65,000.80
Current	**11,86,705.84**	5,26,614.08
Total (B)	**12,09,757.91**	10,91,614.88
Capital Gearing Ratio (B/A)	**(1.02)**	(1.06)

Notes to Financial Statements

Note - 41

Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the erstwhile directors of the Company given for Working Capital Loan as well as Secured Term Loan mentioned in Note No 15 and Note No 18 has been invoked by the banks.

Note - 42

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

Revenue disaggregation as per industry vertical and geography has been included in segment information (Refer note 36)

₹ in Lakhs

Particulars	As at March 31, 2020
Changes in contract liability are as follows:	
Balance at the beginning of the year	**31,444.38**
Provision recognised during the year	**-**
Cost incurred during the year	**(754.90)**
Balance at the end of the year	**30,689.48**
Changes in contract assets are as follows:	
Balance at the beginning of the year	**43,568.44**
Revenue Recognized during the year	**6,436.33**
Invoice Raised and Revenue Booked during the year	**119.93**
Impaired/ Write off/ Transferred to Inventory during the year	**-**
Receipts against invoice or advance settled against revenue	**2,911.10**
Balance at the end of the year	**53,035.80**
Reconciliation of revenue recognised with the contracted price is as follows:	
Contracted price	**6,436.33**
Reductions towards variable consideration components	**(160.70)**
Revenue recognised	**6,275.63**

The reduction towards variable consideration comprises of Liquidated Damages, which are shown separately in note no 29

Disclosure in respect of long term contracts under progress:

₹ in Lakhs

Sr No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a	The contract revenue recognised in the year	**6,171.39**	15,666.23
b	The aggregate amount of cost incurred and recognised in profits (less recognised losses) upto the end of year for all contracts in progress.	**1,65,936.91**	1,55,087.06
c	Amount of advance received from the customers for contracts in progress.	**19,778.40**	1,48,697.54

Note - 43

The Company has outstanding borrowings from banks and financial institutions aggregating ₹ 11,15,630.84 Lakhs including interest thereon and bank balances (current account and term deposit) aggregating to ₹ 1,579.78 Lakhs, balance confirmation as at March 31, 2020 has not been received by the Company. During the year ended March 31, 2020, as a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP as on January 15, 2020. These claims are under verification and the RP is in the process of receiving, collating, verifying, seeking clarification, sending communications for un-reconciled balances, seeking additional documents to substantiate whole or part of un-reconciled balances on such claims; hence no provision has been made in the books of accounts for the year ended on March 31, 2020.

Note - 44

ONGC had placed an order for 12 Offshore Vessels (OSVs) in Financial Year (FY) 2009-10 out of which 7 OSVs have been delivered till 2015-16. ONGC has cancelled the order and invoked all the bank guarantees in FY 2018-19. The Arbitration Petition has been filed by the Company against the cancellation of Order. Pending the Award no provision has been made against the shipbuilding contract receivables, Advance against purchase of Material/ Services and Inventories.

Note - 45

As on March 31, 2020, the Company has shipbuilding contracts receivables of ₹ 173,959.62 lakhs, including invocation of the bank guarantees amounting to ₹ 93,739.15 Lakhs in January 2020, for 5 Naval Offshore Patrol Vessels (NOPVs) from the Ministry of Defence, New Delhi (the "MOD"). On February 3, 2020, the Company has received a Show Cause Notice from the Ministry of Defence for termination of aforesaid Contract. In response to the Notice, The Company replied to the notice and also filed a writ petition along with stay application before the Delhi High Court on February 15, 2020.

Notes to Financial Statements

The captioned matter was listed for hearing before the Hon'ble Delhi High Court on February 17, 2020. After hearing the arguments of both parties at length, the Hon'ble Court was pleased to direct the MOD to consider the writ petition as a representation in response to the Impugned Termination Notice and take a decision on termination as per law. The Hon'ble Court was further pleased to direct that in case the final decision of the MOD in relation to termination of the NOPV Contract is adverse to the interests of the Company, the operation of the said decision shall remain suspended for a period of 7 days after communication of such decision to the Company.

Although the MOD has not revived the contract, it has offered the Company an opportunity to present a proposal by August 31, 2020, outlying how it can complete two of the five NOPVs (NS001 and NS002) which are in advance stages of completion by outsourcing the remaining work to a PSU shipyard. This is at a proposal stage and only if the MOD is agreeable of the proposal, the MOD may accept the plan for two of the five NOPVs. However there is no clarity of the remaining three NOPVs. Pending the final decision by the MOD, no provision for shipbuilding contract receivables including bank guarantee invoked by MOD, Advance against purchase of Material/ Services and inventories has been made in the financial statements.

Note - 46

The aggregate carrying value of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP), Investments, Other Non Current Assets, Inventories, Trade Receivables and Other Current Assets (Advances to vendors, Shipbuilding Contracts Receivables, etc) is ₹ 402,015.44 Lakhs. As explained in Note 1 above, the Company is under CIRP and RP is required to invite submission of resolution plan from potential resolution applicants, which shall be put up for necessary approvals before the CoC and the NCLT. The CIRP is not yet concluded and the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of tangible, financial and other assets, if any, in preparation of Financial Statements and has not made full assessment of impairment as required by the applicable Ind AS, if any, as on March 31, 2020 in the carrying value of the above assets.

Note - 47

Post Reporting Events

On March 16, 2020 and subsequent to year end on May 19, 2020, the Gujarat Pipavav Port Limited ("GPPL") has issued a termination notice to terminate the Sub-concession Agreement for non payment of lease rent. The agreement was entered between Gujarat Maritime Board ("GMB"), GPPL and the Company to sub lease the certain land parcels owned by GMB to the Company in order to carry out business activities. As the Company is under CIRP, it has requested GPPL to continue with the agreement for the smooth resolution process and expect to pay the lease rent as per the provision of the Code.

Note - 48

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended twice to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Company, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure/lock down of various other facilities etc. It has also led to delay in the Resolution process of the Company.

Few of the construction activities are already commenced albeit in a limited manner. Further the Company has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. Any changes due to the changes in situations/ circumstances will be taken into consideration, if necessary, as and when it crystallizes; accordingly it is not possible to determine exact financial impact of COVID-19 pandemic over the business at this juncture.

Note - 49

Authorisation of Financial Statements

These financial statements have been prepared by the management of the Company and certified by CFO and Company secretary of the Company. These financial statements were placed in the meeting of RP, CFO and Company Secretary for their considerations (CFO and Company Secretary are referred herein after as "Key Managerial Persons"). Accordingly, the audited financial statements were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examinations by and representations, clarifications and explanations provided by the key managerial persons, has approved the Financial statements. The key managerial persons has provided the certifications and representations with responsibility in respect of various secretarial, compliances and matters which are pertaining to the period prior to the appointment of Resolution Professional. The RP is relying on the management representation letters for all information and confirmations in relation to the day to day functioning of the Company.

Note - 50

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

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

Gyandeo Chaturvedi
Partner
Membership No.: 46806

Place : Mumbai
Date : July 31, 2020

for and on behalf of the Board of Directors

Debashis Bir
Shiby Jobby
Venkata Rachakonda
Directors

Madan Pendse Chief Financial Officer
Avinash Godse Company Secretary

Place : Mumbai
Date : July 31, 2020