SWAN
DEFENCE AND
HEAVY INDUSTRIES

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

(Formerly known as Reliance Naval and Engineering Limited)

29TH ANNUAL REPORT

For the year ended 31.03.2026

From the Desk of the Chairman & Managing Director

Dear Shareholders,

FY 2025-26 was a landmark year for Swan Defence and Heavy Industries Limited (SDHI). Operating against the backdrop of geopolitical uncertainties and global trade volatility, the Indian economy demonstrated remarkable resilience as one of the fastest-growing major economies. Capitalizing on this macro-economic strength and Government's decisive push towards shipbuilding indigenization, maritime infrastructure, and the Aatmanirbhar Bharat program, SDHI has significantly strengthened its position as a premier emerging player in India's domestic and global shipbuilding landscape.

During the year, we remained focused on strengthening our operational capabilities, expanding our order pipeline, and building a globally competitive shipbuilding platform. A defining milestone was the successful conclusion of our Corporate Insolvency Resolution Process (CIRP) through the prepayment of all outstanding Committee of Creditors' (CoC) obligations. This milestone strengthened the Company's financial foundation and enhanced its ability to pursue future growth opportunities.

FY 2025-26 also marked an important milestone in our commercial journey. We secured our first major commercial shipbuilding order following the acquisition of the shipyard, strengthened our presence in next-generation green vessels through dual-fuel ammonia bulk carrier orders, and secured a prestigious defence export order for a naval training vessel. Alongside these achievements, the shipyard successfully executed multiple ship repair and refit projects, while strategic collaborations with leading domestic and global maritime organizations further strengthened our capabilities across commercial, defence, and green shipbuilding.

Looking ahead, India's shipbuilding industry is entering a period of significant structural growth, supported by favorable government policies, increasing defence expenditure, expanding commercial shipbuilding opportunities, and rising global demand for environmentally sustainable vessels. Anchored by India's largest integrated shipyards, a robust order book, strategic partnerships and a seasoned leadership team, SDHI is exceptionally positioned to drive and lead this transformation.

As we enter FY 2026-27, our priorities remain focused on timely execution of our order book, strengthening operational excellence, expanding our presence across commercial shipbuilding, defence, ship repair, and offshore fabrication, and creating sustainable long-term value for all our stakeholders.

On behalf of the Board, I express my sincere gratitude to our shareholders for their continued trust and confidence. I also thank our employees, customers, business partners, and all our stakeholders for their unwavering support and commitment. Together, we look forward to achieving new milestones in the years ahead.

Warm regards,
Nikhil V. Merchant
Chairman & Managing Director
Swan Defence and Heavy Industries Limited

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Mr. Nikhil Vasantlal Merchant (DIN:00614790)
Executive Director

DIRECTORS

Mr. Paresh Vasantlal Merchant (DIN: 00660027)
Director

Mr. Bhavik Nikhil Merchant (DIN: 06389064)
Director

Mr. Vivek Paresh Merchant (DIN: 06389079)
Director

Mr. Arvind Jayasing Morbale (DIN: 10366188)
Whole-Time Director

Mr. Arun Sinha (DIN: 00280485)
Independent Director

Mr. Kaiyoze Beji Billimoria (DIN: 00021204)
Independent Director

Ms. Maya Swaminathan Sinha (DIN: 03056226)
Independent Director

Mr. Prabhakar Reddy Patil (DIN: 00377406)
Independent Director

Mr. Jayaramakrishnan Kannan (DIN: 06551104)
Independent Director (w. e. f. 31st March, 2026)

KEY MANAGERIAL PERSONNEL

In terms of the Companies Act, 2013

RAdm Vipin Kumar Saxena, IN (Retd.)
Chief Executive Officer

Mr. Rajesh Dilipbhai Bhardwaj
Chief Financial Officer (upto 27th May, 2026)

Mr. Jignesh Shah
Chief Financial Officer (w.e.f. 28th May, 2026)

Mr. Vishant Shetty
(ICSI Membership No. A38378)
Company Secretary (upto 22nd June, 2025)

Ms. Priti P. Dave
(ICSI Membership No. A19469)
Company Secretary (w.e.f. 17th December, 2025)

AUDITORS

STATUTORY AUDITORS
M/s. N. N. Jambusaria & Co., Chartered Accountants

SECRETARIAL AUDITORS
M/s. DM & Associates Company Secretaries LLP

29TH ANNUAL GENERAL MEETING

ON WEDNESDAY, 2ND SEPTEMBER, 2026
AT 11:30 A.M. THROUGH VIDEO CONFERENCE / OTHER AUDIO - VISUAL MEANS
DEEMED VENUE:
PIPAVAV PORT, POST UCCHAIYA,
VIA-RAJULA, DIST. AMRELI - 365560, GUJARAT

CONTENTS

REGISTERED OFFICE

Pipavav Shipyard Limited, Pipavav Port, Post Ucchaya, Via-Rajula, District Amreli 365 560, Gujarat;
Tel.: +91 022 - 40587300 **Email:** sdhi.investors@swan.co.in

CIN: L35110GJ1997PLC033193
Website: www.sdhi.co.in

REGISTRAR AND SHARE TRANSFER AGENT

KFIN TECHNOLOGIES LIMITED
(Formerly KFin Technologies Private Limited),
Selenium Tower – B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda, Hyderabad 500 032
Tel No.: +022 4617 0911; **Email:** einward.ris@kfintech.com

Name(s) of any Director or Key Managerial Personnel specified anywhere in this Report shall be read along with the Director Identification Number (DIN) or Membership No. stated against his / her name as the case may be and the Registered Office Address shall be construed as their address for all practical purposes. The Name of Mr. Ashishkumar Bairagra wherever appearing in this Report shall be read along with his DIN: 00049591.

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of **Swan Defence and Heavy Industries Limited** (formerly known as Reliance Naval and Engineering Limited) will be held on **Wednesday, 2nd September, 2026** at **11:30 AM (IST)** through Video Conferencing **("VC")** / Other Audio-Visual Means **("OAVM")** to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2026 together with the Reports of the Board of Directors and Auditors thereon.
2. To consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2026 together with the Report of Auditors thereon.
3. To appoint a Director in place of Mr. Vivek Merchant (DIN: 06389079), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bhavik Merchant (DIN: 06389064), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

5. **To consider and approve Fund Raising by way of Issuance of Securities through Qualified Institutions Placement, Debt Issue, Preferential Issue, etc.:**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 55, 62 and 71 and other applicable provisions of the Companies Act, 2013, read with the applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, and other rules and regulations made thereunder *(including any amendment(s), statutory modification(s) and / or re-enactment(s) thereof for the time being in force)* ("Act"), and pursuant to the enabling provisions of the Memorandum of Association and the Articles of Association of the Company, all other applicable laws, rules and regulations, including the provisions of the Foreign Exchange Management Act, 1999 as amended and rules and regulations framed thereunder including Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended, the current Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce, Government of India, as amended and the applicable rules and regulations made thereunder, the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), the Companies (Issue of Global Depository Receipts) Rules, 2014, the Depository Receipts Scheme, 2014, as amended, the Framework for issue of Depository Receipts notified by SEBI vide circular dated October 10, 2019, as amended, Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, and such other statutes, clarifications, rules, regulations, circulars, notifications, guidelines, if any, as may be applicable, as amended from time to time issued by the Government of India, the Ministry of Corporate Affairs ("MCA"), the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"), and together with BSE, the ("Stock Exchanges") where the equity shares of the Company of face value of ₹ 10/- each ("Equity Shares") are listed, and any other appropriate authority under any other applicable laws and subject to all other approval(s), consent(s), permission(s) and / or sanction(s) as may be required from various regulatory and statutory authorities, including the Government of India, the RBI, SEBI, MCA and the Stock Exchanges (hereinafter singly or collectively referred to as "Appropriate Authorities") and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting such approval(s), consent(s), permission(s) and / or sanction(s), which may be agreed to by the

Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), the consent and approval of the members of the Company be and is hereby accorded, to create, issue, offer and allot (including with provisions for reservations on firm and / or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of Securities (as defined hereinafter), for cash, in one or more tranches, with or without green shoe option, whether Rupee denominated or denominated in foreign currency, for an aggregate amount up to ₹ 4,000 Crore (Rupees Four Thousand Crores Only), by way of one or more public and / or private offerings and / or on a preferential allotment basis and / or a qualified institutions placement ("QIP") to "qualified institutional buyers" as defined in the SEBI ICDR Regulations and / or any combination thereof and / or any other permitted modes through issue of prospectus and / or an offer document and / or a private placement offer letter and / or placement document and / or such other documents / writings / circulars / memoranda in such a manner, in such tranche or tranches, by way of an issue of Equity Shares or by way of an issue of any instrument or security including convertible / redeemable preference shares, fully / partially convertible debentures or by way of a composite issue of non-convertible debentures, issue of Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs") or any other eligible securities (instruments listed above collectively with the Equity Shares to be hereinafter referred to as the "Securities" or any combination of Securities, with or without premium, to be subscribed to in Indian and /or any foreign currencies by all eligible investors, including, residents or non-resident investors/ whether institutions, foreign portfolio investors and/or incorporated bodies and/or trusts or otherwise) / qualified institutional buyers / mutual funds / pension funds / venture capital funds/ banks / alternate investment funds / Indian and/or multilateral financial institutions, insurance companies / trusts / stabilizing agents and any other category of persons or entities who are authorised to invest in the Securities of the Company as per extant regulations / guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are members of the Company (collectively called "Investors"), to all or any of them, jointly or severally through a prospectus and / or an offer document and/or a private placement offer letter and / or placement document and / or such other documents / writings / circulars / memoranda in such a manner on such terms and conditions, considering the prevailing market conditions and other relevant factors wherever necessary, at such price or prices, whether at prevailing market price(s) or at permissible discount or premium to market price(s) in terms of applicable laws and regulations, with authority to retain over subscription up to such percentage as may be permitted under applicable regulations, including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilizing agent in terms of green shoe option, if any, exercised by the Company, and where necessary in consultation with the book running lead manager(s) and/or underwriters and / or stabilizing agent and / or other advisors or otherwise on such terms and conditions, including the security, rate of interest etc., issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and / or in respect of different Securities, deciding of other terms and conditions like number of securities to be issued, face value, number of Equity Shares to be allotted on conversion / redemption / extinguishment of debt(s), terms of issue, period of conversion, fixing of record date or book closure terms if any, as the Board may in its absolute discretion decide, in each case subject to applicable laws and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion and without requiring any further approval or consent from the members at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the book running lead manager(s) / merchant banker(s) to be appointed by the Company so as to enable the Company to list on any stock exchange in India or overseas jurisdictions.

RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of QIP in terms of Chapter VI of the SEBI ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning rendered to such term under Regulation 171(a) of the SEBI ICDR Regulations):

1. The allotment of Securities shall only be made to qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations ("QIBs");

2. The Eligible Securities to be so created, offered, issued, and allotted, shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;

3. The allotment of the Eligible Securities, or any combination of the Eligible Securities as may be decided by the Board and subject to applicable laws, shall be completed within 365 days from the date of passing of this resolution or such other time as may be allowed under the SEBI ICDR Regulations;

4. The Equity Shares issued and allotted upon conversion of the equity linked instruments issued in QIP shall rank pari-passu inter se in all respects including with respect to entitlement to dividend, voting rights or otherwise with the existing Equity Shares of the Company in all respects;

5. The number and / or price of the Eligible Securities or the underlying Equity Shares issued on conversion of Eligible Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division, reclassification of equity shares into other securities, issue of equity shares by way of capitalisation of profit or reserves, or any such capital or corporate restructuring;

6. The Eligible Securities to be offered and allotted under the QIP shall be in dematerialized form and shall be allotted as fully paid-up securities;

7. In the event Equity Shares are issued, the “relevant date” in accordance with Regulation 171(b) of the SEBI ICDR Regulations for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or the Committee of Directors authorised by the Board decides to open the proposed issue of such Equity Shares, subsequent to the receipt of members’ approval in terms of provisions of the Act and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;

8. In the event that Eligible Securities issued are eligible convertible securities, the relevant date for the purpose of pricing of the convertible securities to be issued, shall be, either the date of the meeting at which the Board or a Committee of Directors authorised by the Board decides to open the proposed issue or the date on which the holders of such eligible convertible securities become entitled to apply for Equity Shares, as decided by the Board;

9. The tenure of the convertible or exchangeable Eligible Securities issued through the QIP shall not exceed sixty months from the date of allotment;

10. Issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with Regulation 176(1) under Chapter VI of the SEBI ICDR Regulations (“QIP Floor Price”) and applicable laws. The Board may, however, at its absolute discretion in consultation with the book running lead managers, issue Eligible Securities at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;

11. No single allottee shall be allotted more than fifty per cent of the issue size and the minimum number of allottees shall be as per the SEBI ICDR Regulations. It is clarified that QIBs belonging to the same group or who are under same control shall be deemed to be a single allottee;

12. No allotment shall be made, either directly or indirectly, to any QIB who is a promoter, or any person related to the promoters of the Company;

13. In accordance with Regulation 179 of the SEBI ICDR Regulations, a minimum of 10% of the Securities shall be allotted to mutual funds and if mutual funds do not subscribe to the aforesaid minimum percentage or part thereof, such minimum portion may be allotted to other QIBs;

14. The Eligible Securities allotted in the QIP shall not be eligible for sale by the respective allottees, for a period of one year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations; and

15. Any subsequent QIP shall not be undertaken until the expiry of two weeks (or such other period as may be prescribed) from the date of the prior QIP made pursuant to this special resolution.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.

RESOLVED FURTHER THAT in the event of issue of GDRs / ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depositary Receipt Mechanism) Scheme, 1993, the Companies (Issue of Global Depository Receipts) Rules, 2014, the Depository Receipts Scheme, 2014, the Framework for issue of Depository Receipts notified by SEBI vide circular dated October 10, 2019, as amended and other applicable pricing provisions issued by the Ministry of Finance and other applicable laws, the Relevant Date for the purpose of pricing the Securities to be issued pursuant to such issue shall be the date of the meeting at which the Board decides to open such issue after passing of this Special Resolution. Preferential issuance and allotment of Securities (other than as issued and allotted to QIBs by way of QIP) shall be subject to the requirements prescribed under the Act and Chapter V of the SEBI ICDR Regulations and other applicable laws.

RESOLVED FURTHER THAT approval of the Members of the Company be and is hereby accorded to the Board and / or a duly authorized committee, to enter into any arrangement with any agencies or bodies for the issue of GDRs and / or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tractability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations and under the norms and practices prevalent in the domestic / international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, approval of the Members of the Company be and is hereby accorded to the Board and / or a duly authorized committee, to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalisation and approval of the offer document(s), private placement offer letter, determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, fixing the record date, execution of various transaction documents, and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the proceeds as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tractability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board, be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose of such of the Securities that are not subscribed.

RESOLVED FURTHER THAT the Securities to be created, issued, allotted and offered in terms of this resolution shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company and the fully paid-up Equity Shares that may be issued by the Company (including issuance of Equity Shares pursuant to conversion of any Securities as the case may be in accordance with the terms of the offering) shall rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue, or allotment of Securities or instruments representing the same, as described above, approval of the Members of the Company be and is hereby accorded to the Board, and the Board be and is hereby authorised to do all such acts, deeds, matters in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the nature of the issuance, terms and conditions for the issuance of Securities including the number of Securities, that may be offered in domestic and international markets and proportion thereof, issue price and discounts permitted under applicable law, premium amount on issue / conversion of the Securities, if any, rate of interest, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, opening and maintaining bank accounts, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with merchant bankers, lead managers, legal advisors, depository, custodian, registrar, stabilizing agent, monitoring agency, paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s) or agreements including but not limited to the placement document and filing such documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and take all steps which are incidental and ancillary in this connection, including in relation to utilisation of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board, to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed, in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers pertaining to the QIP in such manner as they may deem fit to Fund Raising Committee of the Board, with powers to further delegate any of such powers to any of the Director(s) and / or Official(s) of the Company or any other person(s), with or without such condition(s), or stipulation(s) or in any manner, as the Fund Raising Committee may deem fit in its absolute discretion."

6. To approve Material Related Party Transactions of the Company:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("the Listing Regulations"), the applicable provisions of the Companies Act, 2013 ("the Act") (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) read with the applicable Rules made thereunder, other applicable laws / statutory provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company's Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and basis the approval of the Audit Committee and recommendation of the Board of Directors of the Company, approval of the members of the Company be and is hereby accorded to the Company, to enter into and / or continue the related party transaction(s) / contract(s) / arrangement(s) / agreement(s) (in terms of Regulation 2(1)(zc)(i) of the Listing Regulations) between the Company (or its successor entity) and the related parties (or their respective successor entity/ies) as more specifically set out in Table nos. 1 to 3 in the explanatory statement to this resolution on the respective material terms & conditions set out in each of Table nos. 1 to 3.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include the Audit Committee of the Board and any duly constituted committee empowered to exercise its powers including powers conferred under this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and to take all such steps as may be required in this connection including finalising and executing necessary contract(s), arrangement(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company, to delegate all or any of its powers conferred under this resolution to any Director or Key Managerial Personnel or any officer / executive of the Company and to resolve all such issues, questions, difficulties or doubts whatsoever that may arise in this regard and all action(s) taken by the Company in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

7. **To approve giving loans or guarantee or providing security under Section 185 of the Companies Act, 2013:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution), for giving loan(s) in one or more tranches including loan represented by way of book debt (the "Loan") to, and / or giving of guarantee(s), and / or providing of security(ies) in connection with any Loan taken / to be taken by any entity which is a Subsidiary or Associate or Joint Venture or group entity if any, of the Company, or any other person in which any of the Directors of the Company is deemed to be interested as specified in the explanation to sub-section 2 of Section 185 of the Act (collectively referred to as the "Entities"), of an aggregate amount not exceeding ₹ 10,000 Crore (Rupees Ten Thousand Crores Only), in its absolute discretion deem beneficial and in the best interest of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to negotiate, finalise and agree to the terms and conditions of the aforesaid Loans / Guarantees / Securities, and to take all necessary steps, to execute all such documents, instruments and writings and to do all necessary acts, deeds and things in order to comply with all the legal and procedural formalities and to do all such acts, deeds or things incidental or expedient thereto and as the Board may think fit and suitable."

8. **To approve making investments, giving loans, guarantees and securities in excess of the limits specified under Section 186 of the Companies Act, 2013:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder including any statutory modification(s) or re-enactment(s) thereof and in accordance with the Memorandum and Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) to (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate from time to time in one or more tranches as the Board of Directors in their absolute discretion deem beneficial and in the interest of the Company, for an amount up to ₹ 10,000 Crore (Rupees Ten Thousand Crores Only), or sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of the Directors of the Company be and is hereby authorized to take from time to time all decisions and such steps as may be necessary for giving loans, guarantees or providing securities or for making such investments and to give corporate guarantee and to execute such documents, deeds, writings, papers and / or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem necessary or appropriate or desirable including to settle any question, difficulty or doubt that may arise in respect of such investments / loans / guarantees / securities made or given or provided by the Company (as the case may be)."

By Order of the Board of Directors
For Swan Defence and Heavy Industries Limited
(formerly known as Reliance Naval and Engineering Limited)

Priti P. Dave
Company Secretary
ACS 19469

Place: Mumbai
Date: 27th May, 2026

Registered Office:
Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

NOTES:

1. The Ministry of Corporate Affairs ('MCA'), inter alia, vide its General Circular No(s). 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2022 dated May 5, 2022 and subsequent circulars issued in this regard, the latest being General Circular No. 03/2025 dated September 22, 2025 (collectively referred to as 'MCA Circulars'), has permitted the holding of the AGM through Video Conferencing ('VC') or through Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

   Further, the Securities and Exchange Board of India ('SEBI'), vide Regulations 36(1), 44(4) and 58(1) of the SEBI Listing Regulations have provided relaxations from compliance with certain provisions of the SEBI Listing Regulations relating to the sending of Annual Report to security holders as well as appointing of proxy.

   In compliance with the applicable provisions of the Act, SEBI Listing Regulations and MCA Circulars, the 29th AGM of the Company is being held through VC / OAVM on Wednesday, 2nd September, 2026, at 11:30 a.m. (IST). The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company.

2. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the businesses with respect to Item No(s). 5 and 8 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and Secretarial Standard - 2 on General Meetings, issued by The Institute of Company Secretaries of India, in respect of the Directors retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as an Annexure to this Notice.

3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON ITS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   SINCE THIS AGM IS BEING HELD PURSUANT TO THE FRAMEWORK PROVIDED IN THE MCA CIRCULARS READ WITH THE COMPANIES ACT, 2013 AND THE SEBI LISTING REGULATIONS, THROUGH VC / OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.

4. Members can join the AGM in VC / OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the website of National Securities Depository Limited ('NSDL') at www.evoting.nsdl.com.

   Please note that, the facility for participation at the AGM through VC / OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars.

5. The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. In case of joint holders attending the AGM through VC / OAVM, only such joint holders who are higher in the order of their names as per the Register of Members of the Company, as of the cut-off date i.e., Wednesday, 26th August, 2026, will be entitled to vote at the Meeting.

7. In accordance with the aforesaid MCA Circulars and the SEBI Listing Regulations, the Notice of the AGM along with the 29th Annual Report for FY2025-26 are being sent ONLY through electronic mode to those Members whose e-mail addresses are registered with the Company / Registrar and Transfer Agent ('RTA') / Depositories / Depository Participants ("DPs") and a letter will be sent by the Company providing the web-link, including the exact path where complete details of the Annual Report are available, to those shareholder(s) who have not so registered their e-mail addresses. The Company shall send physical copy of the Annual Report to those Members who request for the same at sdhi.investors@swan.co.in or email the RTA at einward.ris@kfintech.com mentioning their DP ID and Client ID. The Notice convening the 29th AGM along with the Annual Report is also available on the website of the Company at www.sdhi.co.in and websites of the Stock Exchanges where the securities of the Company are listed, i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the website of NSDL at www.evoting.nsdl.com.

8. The Registrar and Transfer Agent ("RTA") of the Company is KFin Technologies Limited. The e-mail address of the RTA is einward.ris@kfintech.com.

9. Pursuant to provisions of Section 91 of the Companies Act, 2013 the register of members and share transfer books of the Company will remain closed from Thursday, 27th August, 2026 to Wednesday, 2nd September, 2026 (Both days inclusive). The Notice of AGM is being sent to those members / beneficials owners whose names appears in the register of members / list of beneficiary received from the depositories as at the end of the business hours on Friday, 31st July, 2026.

10. As per the provisions of Section 72 of the Act, read with SEBI Master Circular dated 6th February, 2026 issued to the RTA, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nominations are requested to register the same by submitting Form No. SH-13. If a Member desires to opt-out or cancel the earlier nomination and record a fresh nomination, the Member may submit the requisite application in Form ISR-3 or Form SH-14, as the case may be.

    The said forms can be downloaded from the Company's website at https://sdhi.co.in/investor-relations/?category=shareholders-information&tab=shareholder-services. Members are requested to submit the said form to their DPs.

11. Members are requested to intimate changes, if any, about their name, postal address, e-mail address, telephone / mobile numbers, PAN, power of attorney registration, Bank Mandate details, etc., to their DPs.

12. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, and relevant documents referred to in the Notice or Statement will be available electronically for inspection by the Members before as well as during the AGM. Members seeking to inspect such documents can send an e-mail to sdhi.investors@swan.co.in from their registered e-mail address by mentioning their name, DP ID and Client ID and Mobile No.

13. SEBI has established a common Online Dispute Resolution Portal ('ODR Portal') for resolution of disputes arising in the Indian Securities Market. Post exhausting the option to resolve their grievance with the RTA / Company directly and / or through the SEBI SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login) and the same can also be accessed through the Company's website at https://sdhi.co.in/investor-relations/?category=disclosures&tab=online-resolution-of-dispute-odr.

INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS:

A. PROCESS AND MANNER FOR VOTING THROUGH ELECTRONIC MEANS:

1. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of the SEBI Listing Regulations, SS-2 and in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/ 2020/242 dated December 9, 2020 in relation to e-Voting facility provided by listed entities, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by NSDL.

2. Members of the Company holding shares as on the cut-off date of Wednesday, 26th August, 2026 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person, whose name is recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM.

   Any non-individual shareholders who acquire shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date of Wednesday, 26th August, 2026, may obtain the User ID and Password by sending a request at evoting@nsdl.com. However, if the Member is already registered with NSDL for remote e-Voting then the Member can use the existing User ID and password for casting the vote. If you forget your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on 022 4886 7000.

   In case of Individual Shareholder who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holds shares in demat mode as on the cut-off date, you may follow the steps mentioned under 'Login method for e-Voting and joining virtual meeting for individual shareholders holding securities in demat mode.'

3. The remote e-Voting period commences on Sunday, 30th August, 2026, at 9:00 a.m. (IST) and ends on Tuesday, 1st September, 2026 at 5:00 p.m. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Wednesday, 26th August, 2026 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e. Wednesday, 26th August, 2026.

4. Members will be provided with the facility for voting through electronic voting system during the VC / OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote on the resolution(s) by remote e-Voting will be eligible to exercise their right to vote on such resolution(s) upon announcement by the Chairman of the Company. Members who have cast their votes on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC / OAVM but shall not be entitled to cast their votes on such resolution(s) again. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM. The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the AGM.

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM AND REMOTE E-VOTING (BEFORE AND DURING THE AGM) ARE AS UNDER:

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at www.evoting.nsdl.com by following the steps mentioned under 'Access NSDL e-Voting system'. After successful login, Member(s) can click on link of 'VC / OAVM' placed under 'Join Meeting' menu against the Company name. You are requested to click on 'VC / OAVM link' placed under Join Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the EVEN

of the Company will be displayed. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID / Password may retrieve the same by following the process as mentioned in paragraph titled "Instructions for remote e-Voting before/during the AGM" in the Notice to avoid last minute rush.

2. Members may join the AGM through laptops, smartphones, tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connections to mitigate any glitches.

3. Members are encouraged to submit their questions in advance with respect to the accounts or the business to be transacted at the AGM. These queries may be submitted from their registered e-mail address, mentioning their name, DP ID and Client ID number and mobile number, to the Company's email address at sdhi.investors@swan.co.in before Wednesday, 26th August, 2026.

4. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID, PAN, mobile number at sdhi.investors@swan.co.in on or before Wednesday, 26th August, 2026. The Company reserves the right to restrict the number of questions and speakers depending on the availability of time for the AGM. Further, the sequence in which the shareholders will be called upon to speak will be solely determined by the Company.

5. Members who need assistance before or during the AGM, can contact NSDL at 022 4886 7000 or email Ms. Pallavi Mhatre, Assistant Vice President at evoting@nsdl.com.

THE INSTRUCTIONS FOR REMOTE E-VOTING BEFORE / DURING THE AGM

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

Details on Step 1 are mentioned below:

A. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id / mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	2. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at: https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 5. Shareholders / Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited (‘CDSL’)	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & My Easi New (Token) Tab. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. 3. If the user is not registered for Easi / Easiest, option to register is available at CDSL’s website www.cdslindia.com Click on login & My Easi New (Token) Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & e-mail as recorded in the demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. 2. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use "Forget User ID" and "Forget Password" option available at the respective website details mentioned above.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through Depositories i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 4886 7000.
Individual Shareholders holding securities in demat mode with CDSL	holding securities in demat mode with CDSL Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free No. 1800-21-09911.

B. Login Method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder / Member' section.
3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at https://eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical		Your User ID is:
a)	For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b)	For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c)	For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is S1******** and EVEN is 140785 for Ordinary (equity) shares then user ID is 140785S1********

5. Password details for shareholders other than Individual shareholders are given below:
   (a) If you are already registered for e-Voting, then you can use your existing password to log-in and cast your vote.
   (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   (c) How to retrieve your 'initial password'?
      i. If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you by NSDL and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      ii. If your e-mail ID is not registered, please follow steps mentioned in process for those shareholders whose e-mail ids are not registered.
6. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
   (a) Click on 'Forgot User Details / Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   (b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number / folio number, your PAN, your name and your registered address.
   (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
8. Now, you will have to click on 'Login' button.
9. After you click on the 'Login' button, Home page of e-Voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-Voting system and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see "EVEN" of all the companies in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select 'EVEN' of the Company, in case Ordinary (Equity) Shares – 140785 for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional Investors / Corporate Members (i.e. other than individuals, HUFs, NRIs, etc.) who are intending to appoint their authorised representatives pursuant to Sections 112 or 113 of the Act, as the case may be, to attend the AGM and vote through remote e-Voting, are requested to send their certified copy (PDF / JPG Format) of the Board Resolution / Power of Attorney / Authority Letter:
   › to the Scrutinizer by e-mail at jigneshpandyacs@gmail.com with a copy marked to evoting@nsdl.com or
   › upload by clicking on the "Upload Board Resolution / Authority Letter" displayed under the "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries/grievances pertaining to remote e-Voting (before or during the AGM), you may refer the Frequently Asked Questions ('FAQs') and e-Voting user manual for Shareholders available at the 'Download' section of NSDL at www.evoing.nsdl.com or call on toll free no.: 022 4886 7000 or send a request at evoting@nsdl.com or contact Ms. Pallavi Mhatre, Assistant Vice President from NSDL at the e-mail address evoting@nsdl.com The postal address of NSDL is 3rd Floor, Naman Chamber, Plot C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400 051.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice

1. Please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sdhi.investors@swan.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
2. Alternatively shareholder / members may send a request to evoting@nsdl.com for procuring user id and password for e-Voting by providing above mentioned documents.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM / AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the EGM / AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / shareholders, who will be present in the EGM / AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM / AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM / AGM. However, they will not be eligible to vote at the EGM / AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM / AGM shall be the same person mentioned for Remote e-voting.

Other Instructions:

i. The Board of Directors has appointed Mr. Jignesh Pandya, Practicing Company Secretary (CP No. 7346) of M/s. Jignesh M. Pandya & Co., as the Scrutiniser to scrutinise the remote e-Voting process before the AGM as well as remote e-Voting process during the AGM in a fair and transparent manner.

ii. The Scrutiniser shall immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-Voting (votes cast during the AGM and votes cast prior to the AGM) and make a consolidated Scrutiniser's Report of the total votes cast in favor or against, if any, to the Chairman or any person authorised by him in writing who shall countersign the same. The results will be declared within timelines stipulated under Regulation 44 of the SEBI Listing Regulations read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended.

iii. The results declared along with the Scrutiniser's Report shall be placed on the website of the Company at www.sdhi.co.in and on the website of NSDL at www.evoting.nsdl.com and shall be disseminated to the stock exchanges where the equity shares of the Company are listed i.e., BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The results shall also be made available on the notice board of the Company at its Registered Office.

By Order of the Board of Directors
For Swan Defence and Heavy Industries Limited
(formerly known as Reliance Naval and Engineering Limited)

Priti P. Dave
Company Secretary
ACS 19469

Place: Mumbai
Date: 27th May, 2026

Registered Office:
Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all the material facts relating to the Special Businesses mentioned in the accompanying Notice.

ITEM NO 5:

a. **Particulars of the issuance of Securities:** Considering the funding requirements and growth objectives of the Company and its businesses, the Board of Directors ("Board", and such term shall include a duly constituted committee thereof) at its meeting held on 27th May, 2026, approved raising of funds / capital for an aggregate amount upto ₹ 4,000 Crore (Rupees Four Thousand Crores only), inter alia, by way of issue of Equity Shares or by way of an issue of any instrument or security including convertible / redeemable preference shares, fully / partially convertible debentures or by way of a composite issue of non-convertible debentures, issue of depository receipts or any other eligible securities, and / or any other financial instruments convertible into Equity Shares (including warrants, or otherwise) and / or securities linked to Equity Shares, and / or any combination of any of the aforementioned securities, secured / unsecured, listed on recognized stock exchanges in India or abroad (all of which are hereinafter collectively referred to as "Securities"), from time to time, in one or more tranches, and / or one or more issuances simultaneously or collectively or otherwise through one or more public and / or private offerings and / or on a preferential allotment basis and / or a qualified institutions placement ("QIP") pursuant to Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), and / or any combination thereof or any other method as may be permitted under applicable laws through issue of prospectus, and / or preliminary placement document, placement document and / or other permissible / requisite offer documents to any eligible investors ("Issue"). The Securities are proposed to be listed on one or more of the Stock Exchanges where the Equity Shares are listed and the allotment of Securities would be subject to regulatory approvals, if any. The issue of Securities may be consummated in one or more tranches at such time or times at such price and to such classes of investors as the Board (including any duly authorized committee thereof) may in its absolute discretion decide, having due regard to the prevailing market conditions and any other relevant factors and wherever necessary, in consultation with book running lead manager(s) and other agencies that may be appointed, subject to the SEBI ICDR Regulations, Companies Act, 2013 and other applicable guidelines, notifications, rules and regulations.

b. **Amount of the Offering:** This special resolution enables the Board to issue Securities for an aggregate consideration upto ₹ 4,000 Crore (Rupees Four Thousand Crore only).

c. **Relevant Date:** In case of a QIP, the "Relevant Date" will be the date when the Board (including any Committee thereof) decides to open the Issue for subscription or any other date in accordance with applicable law. In case of other type of issuance, relevant date shall be as per applicable law.

d. **Objects of the offering:** One of the key objectives of the proposed QIP is to facilitate compliance with the Minimum Public Shareholding ("MPS") requirements prescribed under Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable. The proposed issuance would increase the public shareholding in the Company and support continued compliance with the applicable regulatory framework governing listed companies. Further, the Company shall utilize the proceeds from the offering (after adjustment of expenses related to the offering, if any) at various stages for the usage of one or more, or any combination of the following: (i) capital expenditure for the Company; (ii) repayment in full or part of existing borrowings of the Company; (iii) working capital requirements of the Company and (iv) general corporate purposes and any other object as may be decided by the Board (including any duly authorized committee thereof). The fund to be used for general corporate purposes, if any, shall not exceed 25% of the funds to be raised through the qualified institutions placement. If the net proceeds are not completely utilised for the purposes stated hereinabove due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) as may be decided by our Board (including any duly authorized committee thereof), in accordance with applicable law. Pending utilization of the proceeds from the Issue, the Company shall invest such proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks or any other investment as permitted.

In case, it is difficult to quantify the exact amount of fund to be used from the proceeds of the Issue, a broad range of amount may be provided by the Company in the offer document provided that the broad range shall be a realistic estimation and range gap shall not exceed +/- 10% of the amount specified for that object of the Issue.

e. **Basis or justification of pricing:** The issue of Securities may be consummated through single or multiple offer documents, in one or more tranches, at such time or times, at such price, at a discount or premium to market price in such manner and on such terms and conditions as the Board may in its absolute discretion decide taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with the book running lead manager(s) and other agencies and subject to the SEBI ICDR Regulations and other applicable laws, regulations, rules and guidelines. The price at which Securities shall be allotted in the Offering shall not be less than the price determined in accordance with the SEBI ICDR Regulations, through either the book building mechanism (in case of a public offer) or a prescribed formula, as the case maybe. Provided that the Board may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI ICDR Regulations.

f. **Interest of Promoter, Directors and Key Managerial Personnel:** If a QIP is undertaken, as part of the Issue, in terms of Chapter VI of SEBI ICDR Regulations, the promoters, member of the Promoter Group, Directors and Key Managerial Personnel of the Company will not subscribe to the QIP.

g. **Schedule of the Offering:** The detailed terms and conditions for the offering will be determined in consultation with the advisors, book running lead managers, merchant bankers, underwriters and such other authority or authorities as may be required, considering the prevailing market conditions and other regulatory requirements for different kinds of issuances. The allotment of the Securities pursuant to the Issue shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event a QIP is undertaken, the allotment shall be completed within 365 days from the date of this resolution.

Other material terms:

The relevant disclosures as required in terms of the Companies Act, 2013 and SEBI ICDR Regulations are as under:

a. The Equity Shares issued, if any, shall rank *pari passu* in all respects with the existing Equity Shares of the Company, including entitlement to dividend, if any.

b. The allotment of the Eligible Securities, or any combination of the Eligible Securities under QIP as may be decided by the Board and subject to applicable laws, shall be completed within 365 days from the date of passing of this resolution or such other time as may be allowed under the SEBI ICDR Regulations;

c. In the event Equity Shares are issued under the QIP, the "relevant date" in accordance with Regulation 171(b) of the SEBI ICDR Regulations for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or the Committee of Directors authorised by the Board decides to open the proposed issue of such Equity Shares, subsequent to the receipt of members' approval in terms of provisions of the Act and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;

d. In the event that Eligible Securities issued are eligible convertible securities under the QIP, the relevant date for the purpose of pricing of the convertible securities to be issued, shall be, either the date of the meeting at which the Board or a Committee of Directors authorised by the Board decides to open the proposed issue or the date on which the holders of such eligible convertible securities become entitled to apply for Equity Shares, as decided by the Board;

e. The tenure of the convertible or exchangeable Eligible Securities issued through the QIP shall not exceed sixty months from the date of allotment;

f. Issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with Regulation 176(1) under Chapter VI of the SEBI ICDR Regulations ("QIP Floor Price") and applicable law. The Board may, however, at its absolute discretion in consultation with the book running lead managers, issue Eligible Securities at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;

g. No single allottee shall be allotted more than fifty per cent of the issue size and the minimum number of allottees shall be as per the SEBI ICDR Regulations. It is clarified that QIBs belonging to the same group or who are under same control shall be deemed to be a single allottee;

h. None of the Directors or the Key Managerial Personnel of the Company and / or their relatives are concerned or interested in the said resolution, other than to the extent of their shareholding in the Company.

i. As the Issue may result in the issue of Securities of the Company to investors who may or may not be members of the Company, consent of the members is being sought pursuant to Sections 23, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and being applicable and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

j. In connection with the proposed offering of Securities, the Company is required, inter alia, to prepare various documentations and execute various agreements. The Company is yet to identify the investor(s) and decide the quantum of Securities to be issued to them. Hence, the details of the proposed allottees, percentage of post-Issue of Securities that may be held by them and other details are not available at this point of time and shall be disclosed by the Company under the applicable regulations in due course (at appropriate time and mode). Accordingly, it is proposed to authorize the Board to identify the investor(s), issue such number of Securities, negotiate, finalize and execute such documents and agreements as may be required and do all such acts, deeds and things in this regard for and on behalf of the Company. The Securities allotted would be listed on the Stock Exchanges where the Equity Shares of the Company are listed. The issue and allotment would be subject to the receipt of regulatory approvals, if any.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities under the Act, only after receipt of prior approval of its members by way of a Special Resolution. Consent of the Members would therefore be necessary pursuant to the provisions of Sections 42 and 62(1)(c) of the Act, read with applicable provisions of the SEBI ICDR Regulations and the SEBI Listing Regulations, for issuance of Securities.

The offer / issue / allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board (including any duly authorized committee thereof) does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Further, Section 62(1)(a) of the Act provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further equity shares, such further equity shares shall be offered to the existing Members of such Company in the manner laid down therein unless the Members by way of a special resolution decide otherwise. Since the Special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Company to persons other than existing Members of the Company, approval of the Members is also being sought pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Act as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

ITEM NO 6:

The Company is engaged in the business of commercial and defence shipbuilding, ship repairs and refits, and heavy engineering and fabrication. The annual consolidated turnover of the Company as on 31st March, 2026 is ₹ 28,213.87 lakhs. In furtherance of its business activities and to provide the necessary financial flexibility required during the current phase of business stabilization and expansion, the Company have entered into / will enter into transactions / contract(s) / agreement(s) / arrangement(s) with related parties in terms of Regulation 2(1)(zc)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

All related party transactions of the Company are at arm’s length and in the ordinary course of business. The Company has well-defined Policies in relation to transactions, whether material or otherwise, with Related Parties and such entities have prescribed process for the related party transactions undertaken by them. These transactions are independently reviewed by the respective Statutory Auditors for arm’s length consideration. Further, all related party transactions of the Company are undertaken after obtaining prior approval of the Audit Committee. The Audit Committee of the Company currently comprises two Independent Directors and one Non-Executive, Non-Independent Director. All related party transactions as set out in this Notice have been unanimously approved by the Audit Committee after satisfying itself that the related party transactions are at arm’s length and in the ordinary course of business. The Audit Committee has reviewed the certificate provided by CEO and Chief Financial Officer of the Company, as required under the RPT Industry Standards. The Audit Committee of the Company reviews on a quarterly basis, the details of all related party transactions entered into during the previous quarter, pursuant to its approvals.

In accordance with Regulation 23 of the Listing Regulations, approval of the members is sought for related party transactions which in a Financial Year is likely to exceed the threshold limits prescribed under the Companies Act, 2013 read with Rules framed thereunder and / or the SEBI LODR Regulations, based on the last Audited Financial Statements of the Company. The approval of the members pursuant to resolution no. 6 is being sought for the related party transactions / contracts / agreements / arrangements set out in Table nos. 1 to 3. In addition to the transactions set out in the Tables below, approval of the members is also sought for any other transactions between the parties for transfer of resources, services and obligations in the ordinary course of business, on arm's length basis and in compliance with applicable laws, as approved by the Audit Committee. The values of such additional transactions are included in the values set out in each of the Tables below.

In the event of any restructuring of the Company or related parties referred in Table nos. 1 to 3, resulting in transfer of the business carried on by any of these entities to successor entities, the approval of the members pursuant to the ordinary resolution no. 6 proposed in this Notice shall be deemed to be approval for these transactions with or between such successor entities. The values of related party transactions specified in the Tables below exclude duties and taxes. Any subsequent material modification in the transactions, as defined by the Audit Committee as a part of the Company's Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions, shall be placed before the members for approval, in terms of Regulation 23(4) of the Listing Regulations. The value of transactions (for which the approval is being sought) for the period commencing from 1st April, 2026 till the date of this Notice has not exceeded the existing limits approved by members / the materiality threshold and is not likely to exceed the existing limits approved by members / the materiality threshold till the approval of these transactions by the members.

The details of transactions as required under Regulation 23(4) of the Listing Regulations read with Section III-B of the SEBI Master Circular bearing reference no. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 ("SEBI Master Circular") along with details as required under the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" ("RPT Industry Standards") are set forth below:

Table 1: Transactions between the Company and Hazel Infra Limited.

A. Details of the related party and transactions with the related party

Sr. No.	Particulars of the Information	Information provided by the management
A(1)	**Basic details of the related party**	
1.	Name of the related party	Hazel Infra Limited ("HIL")
2.	Country of incorporation of the related party	India
3.	Nature of business of the related party	HIL is engaged in the business of general construction (including alteration, addition, repair and maintenance) of non-residential buildings, carried out on own account basis or on a fee or contract basis.
A(2)	**Relationship and ownership of the related party**	
1.	Relationship between the listed entity / subsidiary (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:	HIL is the holding Company of Swan Defence and Heavy Industries Limited ("SDHI").
	Shareholding of the listed entity / subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	Nil
	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity / subsidiary (in case of transaction involving the subsidiary).	Not applicable

Sr. No.	Particulars of the Information	Information provided by the management
	Shareholding of the related party, whether direct or indirect, in the listed entity / subsidiary (in case of transaction involving the subsidiary). Explanation: Indirect shareholding shall mean shareholding held through any person, over which the listed entity / Subsidiary / related party has control (as defined under SEBI Listing Regulations). While calculating indirect shareholding, shareholding held by relatives shall also be considered.	HIL is holding 4,73,61,253 (89.90%) equity shares in SDHI.
A(3)	**Details of previous transactions with the related party**	
1,	Total amount of all the transactions undertaken by the Company with the related party during the last Financial Year. Explanation: Details need to be disclosed separately for listed entity and its subsidiary	

Sr. No.	Nature of Transactions	FY 2025-26 Amount (₹ in Lakhs)
1.	Borrowings by SDHI and repayment thereof.	6,1096
Total		**6,1096**

Sr. No.	Particulars of the Information	Information provided by the management
2.	Total amount of all the transactions undertaken by the Company with the related party in the current Financial Year up to the quarter immediately preceding the quarter in which the approval is sought. (₹ in Lakhs)	Nil
3.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the Company during the last Financial Year.	No
A(4)	**Amount of the proposed transactions**	
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee / shareholders.	Upto ₹ 3,00,000 lakhs towards borrowings by SDHI and repayment thereof.
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current Financial Year would render the proposed transaction a material RPT?	Yes
3.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding Financial Year.	1063.31%

Sr. No.	Particulars of the Information	Information provided by the management
4.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction).	Not Applicable
5.	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding Financial Year, if available.	1063.31%
6.	Financial performance of the related party for the immediately preceding financial year.	

Particulars	Amount (₹ in lakhs) for FY2025-26
Turnover	28,213.87
Profit After Tax	14,799.98
Net Worth	1,51,114.12

Explanation: The aforesaid information has been given on Consolidated basis.

A(5) Basic details of proposed transactions to be approved

Sr. No.	Particulars of the Information	Information provided by the management
1.	Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/ services, giving loan, borrowing etc.)	Borrowings by SDHI and repayment thereof.
2.	Details of each type of proposed transactions for FY2026-27	Borrowings by SDHI and repayment thereof upto ₹ 3,00,000 Lakhs
3.	Tenure of the proposed transaction (tenure in number of years or months to be specified)	FY 2026-27
4.	Whether omnibus approval is being sought?	Yes
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise.	Borrowings by SDHI and repayment thereof: Upto ₹ 3,00,000 lakhs.
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity.	The proposed Material Related Party Transaction(s) ("MRPT") will be, inter alia, towards meeting working capital requirements of SDHI which in turn will benefit the Company, thereby being in the interest of the Company. Further the proposed MRPT is likely to improve the revenue and profitability of the Company in the long run.

Sr. No.	Particulars of the Information	Information provided by the management
7.	Details of the Promoter(s) / Director(s) / Key Managerial Personnel of the listed entity who have interest in the transaction, whether directly or indirectly. Explanation: Indirect interest shall mean interest held through any person over which an individual has control.	Other than as stated below, none of the Promoter(s) / Director(s) / Key Managerial Personnel of the listed entity have interest in the transaction(s), whether directly or indirectly, financially or otherwise, in the Related Party.
	a. Name of the Director / KMP	Names of Directors of HIL who are also Directors of SDHI: 1. Mr. Vivek Merchant 2. Mr. Bhavik Merchant
	b. Shareholding of the Director / KMP / Partner, whether direct or indirect, in the related party	None of the aforesaid Directors hold any share in any of the aforesaid entities
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	Not applicable
9.	Other information relevant for decision making.	All important information forms part of the Statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

B Information to be provided only if a specific type of RPT is proposed to be undertaken and is in addition to Part A

B.1. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to borrowings by SDHI and repayment thereof

Sr. No.	Particulars of the Information	Information provided by the management
1.	Material covenants of the proposed Transaction	Enabling sanction is being sought. Actual terms will be mutually decided by the Board of Directors of the Company and / or any other Committee thereof, specifically authorized in this regard at the time of actual transaction(s).
2.	Interest rate (in terms of numerical value or base rate and applicable spread)	
3.	Cost of borrowing Note: This shall include all costs associated with the borrowing	As applicable
4.	Maturity / due date	Enabling sanction is being sought. Actual terms will be mutually decided by the Audit Committee and / Board of Directors of the Company and / or any other Committee, specifically authorized in this regard at the time of actual transaction(s).
5.	Repayment schedule & terms	
6.	Whether secured or unsecured	
7.	If secured, the nature of security & security coverage ratio	
8.	The purpose for which the funds will be utilized by the listed entity / subsidiary	Towards meeting its working capital requirements.

C: Information to be provided only if a specific type of RPT proposed to be undertaken is a material RPT and is in addition to Part A and B

C.1. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to borrowings by SDHI and repayment thereof.

Sr. No.	Particulars of the Information		Information provided by the management
1.	Debt to Equity Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): 42.33 For HIL (As on 31/03/2026): 0.28
	b.	After transaction	To be determined after execution of the transaction
2.	Debt Service Coverage Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): (0.06) For HIL (As on 31/03/2026): 7.75
	b.	After transaction	To be determined after execution of the transaction

Table 2: Transactions between the Company and Swan Corp Limited.

A Details of the related party and transactions with the related party

Sr. No.	Particulars of the Information	Information provided by the management
A(1)	**Basic details of the related party**	
1.	Name of the related party	Swan Corp Limited ("SCL")
2.	Country of incorporation of the related party	India
3.	Nature of business of the related party	SCL is engaged in activities spanning across Textiles, Energy which combines LNG operations, petroleum & petrochemical trading and distribution, Defence, Shipbuilding & Heavy Engineering and Realty, which are carried out either directly or through its subsidiaries with third parties.
A(2)	**Relationship and ownership of the related party**	
1.	Relationship between the listed entity / subsidiary (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:	SCL is the Ultimate holding Company of Swan Defence and Heavy Industries Limited ("SDHI").
	Shareholding of the listed entity / subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	Nil
	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity / subsidiary (in case of transaction involving the subsidiary).	Not applicable

Sr. No.	Particulars of the Information	Information provided by the management
	Shareholding of the related party, whether direct or indirect, in the listed entity / subsidiary (in case of transaction involving the subsidiary). Explanation: Indirect shareholding shall mean shareholding held through any person, over which the listed entity / Subsidiary / related party has control (as defined under SEBI Listing Regulations). While calculating indirect shareholding, shareholding held by relatives shall also be considered.	SCL is the Ultimate Holding Company of the Company, not holding any direct shareholding in the Issued, Paid-up and Subscribed Capital of the Company. SCL is holding 99% of equity share capital of HIL which is in turn holding 89.90% of equity share capital of SDHI.
A(3)	**Details of previous transactions with the related party**	
1,	Total amount of all the transactions undertaken by the Company with the related party during the last Financial Year. Explanation: Details need to be disclosed separately for listed entity and its subsidiary	
2.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current Financial Year up to the quarter immediately preceding the quarter in which the approval is sought. (₹ in lakhs)	Nil
3.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.	No
A(4)	**Amount of the proposed transactions**	
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee / shareholders.	1. Sale, Purchase or supply of goods or services (including reimbursement / recovery of expenses) : upto ₹ 10,000 lakhs. 2. Borrowings (including guarantee given by SCL for and on behalf of SDHI) by SDHI and repayment thereof - Upto ₹ 4,50,000 lakhs.
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?	Yes

Table under A(3) item 1:

Sr. No.	Nature of Transactions	FY 2025-26 Amount (₹ in Lakhs)
1.	Sale, Purchase or supply of goods or rendering of services	4.98
2.	Reimbursement / Recovery of Expenses	150.34
Total		**155.32**

<table>
<tr><th>Sr. No.</th><th>Particulars of the Information</th><th colspan="2">Information provided by the management</th></tr>
<tr><td>3.</td><td>Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding Financial Year.</td><td colspan="2">1630.40%</td></tr>
<tr><td>4.</td><td>Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction).</td><td colspan="2">Not Applicable</td></tr>
<tr><td>5.</td><td>Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding Financial Year, if available.</td><td colspan="2">105.23%</td></tr>
<tr><td>6.</td><td colspan="3">Financial performance of the related party for the immediately preceding Financial Year.
<table><tr><th>Particulars</th><th>Amount (₹ in lakhs) for FY2025-26</th></tr><tr><td>Turnover</td><td>4,37,119.56</td></tr><tr><td>Profit After Tax</td><td>27,128.10</td></tr><tr><td>Net Worth</td><td>9,19,472.55</td></tr></table>Explanation: The aforesaid information has been given on Consolidated basis.</td></tr>
<tr><td colspan="4">A(5) Basic details of proposed transactions to be approved</td></tr>
<tr><td>1.</td><td>Specific type of the proposed transaction (e.g. sale of goods / services, purchase of goods/ services, giving loan, borrowing etc.)</td><td colspan="2">1. Sale, Purchase or supply of goods or services (including reimbursement / recovery of expenses).
2. Borrowings (including guarantee given by SCL for and on behalf of SDHI) by SDHI and repayment thereof.</td></tr>
<tr><td rowspan="2">2.</td><td rowspan="2">Details of each type of proposed transactions for FY2026-27</td><td>Sale, Purchase or supply of goods or services (including reimbursement / recovery of expenses) (₹ in lakhs)</td><td>Borrowings (including guarantee given by SCL for and on behalf of SDHI) by SDHI and repayment thereof (₹ in lakhs)</td></tr>
<tr><td>Upto 10,000</td><td>Upto 4,50,000</td></tr>
<tr><td>3.</td><td>Tenure of the proposed transaction (tenure in number of years or months to be specified)</td><td colspan="2">FY 2026-27</td></tr>
<tr><td>4.</td><td>Whether omnibus approval is being sought?</td><td colspan="2">Yes</td></tr>
</table>

Sr. No.	Particulars of the Information	Information provided by the management
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise.	Aggregate value of proposed transactions for FY2026-27 is as under: 1. Sale, Purchase or supply of goods or services (including reimbursement / recovery of expenses) : upto ₹ 10,000 lakhs. 2. Borrowings (including guarantee given by SCL for and on behalf of SDHI) by SDHI and repayment thereof - Upto ₹ 4,50,000 lakhs.
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity	The proposed Material Related Party Transaction(s) ("MRPT") will be, inter alia, towards meeting working capital requirements and receipt of corporate guarantees in connection with various credit facilities availed / to be availed by the Company from banks and / or financial institutions which in turn will benefit the Company. Further the proposed MRPT is likely to improve the revenue and profitability of the Company in the long run.
7.	Details of the Promoter(s)/ Director(s) / Key Managerial Personnel of the listed entity who have interest in the transaction, whether directly or indirectly. Explanation: Indirect interest shall mean interest held through any person over which an individual has control.	Other than as stated below, none of the Promoter(s) / Director(s) / Key Managerial Personnel of the listed entity have interest in the transaction(s), whether directly or indirectly, financially or otherwise, in the Related Party.
	a. Name of the Director / KMP	Names of the Common Director are as under: 1. Mr. Nikhil V. Merchant 2. Mr. Paresh V. Merchant 3. Mr. Jayaramakrishnan Kannan 4. Mr. Prabhakar Reddy Patil
	b. Shareholding of the Director / KMP/ Partner, whether direct or indirect, in the related party	1. None of the aforesaid Directors hold any share in any of the aforesaid entities, save and except as stated hereunder: a. Mr. Nikhil Merchant holds 4,000 (0.001%) equity shares of Swan Corp Limited; 2. Swan Corp Ltd. holds 99% shares of HIL which in turn holds 89.90% shares of SDHI.
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	Not Applicable
9.	Other information relevant for decision making.	All important information forms part of the Statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

B Information to be provided only if a specific type of RPT is proposed to be undertaken and is in addition to Part A

B.1. Disclosure only in case of transactions relating to sale, purchase or supply of goods or services or any other similar business transaction and trade advances : In relation to sale, purchase or supply of goods or services (including reimbursement / recovery of expenses) between SDHI or SCL.

S. No.	Particulars of the information		Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services.		There is no bidding process. Parties are chosen on the basis of product requirement, competitive prices and creditworthiness on mutually agreed terms.
2.	Basis of determination of price.		Arm's length price prevailing at the time of execution of the transaction.
3.	In case of Trade advance (*of upto 365 days or such period for which such advances are extended as per normal trade practice*), if any, proposed to be extended to the related party in relation to the transaction, specify the following:		
	a.	Amount of Trade advance	Upto ₹ 10,000 lakhs.
	b.	Tenure	FY 2026-27
	c.	Whether same is self-liquidating?	Yes

B.2. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to Borrowings (including guarantee given by SCL for and on behalf of SDHI) by SDHI and repayment thereof.

Sr. No.	Particulars of the Information	Information provided by the management
1.	Material covenants of the proposed Transaction	Enabling sanction is being sought. Actual terms will be mutually decided by the Board of Directors of the Company and / or any other Committee thereof, specifically authorized in this regard at the time of actual transaction(s).
2.	Interest rate (in terms of numerical value or base rate and applicable spread)	
3.	Cost of borrowing Note: This shall include all costs associated with the borrowing	As applicable
4.	Maturity / due date	Enabling sanction is being sought. Actual terms will be mutually decided by the Audit Committee and / Board of Directors of the Company and / or any other Committee, specifically authorized in this regard at the time of actual transaction(s).
5.	Repayment schedule & terms	
6.	Whether secured or unsecured	
7.	If secured, the nature of security & security coverage ratio	
8.	The purpose for which the funds will be utilized by the listed entity / subsidiary	Towards meeting working capital requirements.

C: Information to be provided only if a specific type of RPT proposed to be undertaken is a material RPT and is in addition to Part A and B

C.2. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to borrowings (including guarantee given by SCL for and behalf of SDHI) by SDHI and repayment thereof.

Sr. No.		Particulars of the Information	Information provided by the management
1.	Debt to Equity Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): 42.33 For SCL (As on 31/03/2026): 0.08
	b.	After transaction	To be determined after execution of the transaction
2.	Debt Service Coverage Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): (0.06) For SCL (As on 31/03/2026): 46.84
	b.	After transaction	To be determined after execution of the transaction

Table 3 Transactions between the Company and Triumph Offshore Private Limited.

A Details of the related party and transactions with the related party

Sr. No.	Particulars of the Information	Information provided by the management
A(1)	**Basic details of the related party**	
1.	Name of the related party	Triumph Offshore Private Limited ("TOPL")
2.	Country of incorporation of the related party	India
3.	Nature of business of the related party	TOPL, being a wholly owned subsidiary of Swan Corp Limited ("SCL"), was originally incorporated as a Special Purpose Vehicle ("SPV") for the purpose of acquiring and operating a Floating Storage and Regasification Unit ("FSRU"), to be deployed at the LNG terminal project under implementation by Swan LNG Private Limited ("SLPL"), another subsidiary of Swan Corp Limited ("SCL").
A(2)	**Relationship and ownership of the related party**	
1.	Relationship between the listed entity / subsidiary (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:	TOPL is the Subsidiary of SDHI's Ultimate Holding Company i.e. SCL
	Shareholding of the listed entity / subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	Nil
	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity / subsidiary (in case of transaction involving the subsidiary).	Not applicable

Sr. No.	Particulars of the Information	Information provided by the management
	Shareholding of the related party, whether direct or indirect, in the listed entity / subsidiary (in case of transaction involving the subsidiary). Explanation: Indirect shareholding shall mean shareholding held through any person, over which the listed entity/Subsidiary / related party has control (as defined under SEBI Listing Regulations). While calculating indirect shareholding, shareholding held by relatives shall also be considered.	Nil
A(3)	**Details of previous transactions with the related party**	
1,	Total amount of all the transactions undertaken by the Company with the related party during the last Financial Year. Explanation: Details need to be disclosed separately for listed entity and its subsidiary	Nil
2.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current Financial Year up to the quarter immediately preceding the quarter in which the approval is sought. (₹ in lakhs)	Nil
3.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last Financial Year.	No
A(4)	**Amount of the proposed transactions**	
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee / shareholders.	Upto ₹ 3,00,000 lakhs towards borrowings by SDHI and repayment thereof.
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?	Yes
3.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year.	1063.31%
4.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding Financial Year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction).	Not Applicable

<table>
<tr><th>Sr. No.</th><th>Particulars of the Information</th><th>Information provided by the management</th></tr>
<tr><td>5.</td><td>Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding Financial Year, if available.</td><td>5030.58% (calculated on the basis of total income)</td></tr>
<tr><td>6.</td><td colspan="2">Financial performance of the related party for the immediately preceding financial year.
<table><tr><th>Particulars</th><th>Amount (₹ in lakhs) for FY2025-26</th></tr><tr><td>Turnover (Total Income)</td><td>5,963.53</td></tr><tr><td>Profit After Tax</td><td>4,130.18</td></tr><tr><td>Net worth</td><td>1,67,109.95</td></tr></table>Explanation: The aforesaid information has been given on Standalone basis.</td></tr>
<tr><td colspan="3">A(5) Basic details of proposed transactions to be approved</td></tr>
<tr><td>1.</td><td>Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods / services, giving loan, borrowing etc.)</td><td>Borrowings by SDHI and repayment thereof.</td></tr>
<tr><td>2.</td><td>Details of each type of proposed transactions for FY2026-27</td><td>Borrowings by SDHI and repayment thereof upto ₹ 3,00,000 Lakhs</td></tr>
<tr><td>3.</td><td>Tenure of the proposed transaction (tenure in number of years or months to be specified)</td><td>FY 2026-27</td></tr>
<tr><td>4.</td><td>Whether omnibus approval is being sought?</td><td>Yes</td></tr>
<tr><td>5.</td><td>Value of the proposed transaction during a financial year.
If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise.</td><td>Borrowings by SDHI and repayment thereof: upto ₹ 3,00,000 Lakhs</td></tr>
<tr><td>6.</td><td>Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity</td><td>The proposed Material Related Party Transaction(s) ("MRPT") will be, inter alia, towards meeting working capital requirements of SDHI which in turn will benefit the Company, thereby being in the interest of the Company.
Further, the proposed MRPT is likely to improve the revenue and profitability of the Company in the long run.</td></tr>
<tr><td>7.</td><td>Details of the Promoter(s) / Director(s) / Key Managerial Personnel of the listed entity who have interest in the transaction, whether directly or indirectly. Explanation: Indirect interest shall mean interest held through any person over which an individual has control.</td><td>Other than as stated below, none of the Promoter(s) / Director(s) / Key Managerial Personnel of the listed entity have interest in the transaction(s), whether directly or indirectly, financially or otherwise, in the Related Party.</td></tr>
<tr><td></td><td>a. Name of the Director / KMP</td><td>Names of Directors of TOPL who are also Directors of SDHI:
1. Mr. Vivek Merchant
2. Mr. Bhavik Merchant</td></tr>
</table>

Sr. No.	Particulars of the Information	Information provided by the management
	b. Shareholding of the Director / KMP / Partner, whether direct or indirect, in the related party	1. None of the aforesaid Directors hold any share in any of the aforesaid entities, save and except as stated hereunder: a. Mr. Bhavik Merchant holds 1 equity share in TOPL as beneficial holder; b. Mr. Vivek Merchant holds 1 equity share in TOPL as beneficial holder 2. TOPL and SDHI do not hold, directly or indirectly, any shareholding in each other.
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee	Not Applicable
9.	Other information relevant for decision making	All important information forms part of the Statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

B Information to be provided only if a specific type of RPT is proposed to be undertaken and is in addition to Part A

B.1. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to borrowings by SDHI and repayment thereof.

Sr. No.	Particulars of the Information	Information provided by the management
1.	Material covenants of the proposed Transaction	Enabling sanction is being sought. Actual terms will be mutually decided by the Board of Directors of the Company and / or any other Committee thereof, specifically authorized in this regard at the time of actual transaction(s).
2.	Interest rate (in terms of numerical value or base rate and applicable spread)	
3.	Cost of borrowing Note: This shall include all costs associated with the borrowing	As applicable
4.	Maturity / due date	Enabling sanction is being sought. Actual terms will be mutually decided by the Audit Committee and / Board of Directors of the Company and / or any other Committee, specifically authorized in this regard at the time of actual transaction(s).
5.	Repayment schedule & terms	
6.	Whether secured or unsecured	
7.	If secured, the nature of security & security coverage ratio	
8.	The purpose for which the funds will be utilized by the listed entity / subsidiary	Towards meeting working capital requirements.

C Information to be provided only if a specific type of RPT proposed to be undertaken is a material RPT and is in addition to Part A and B

C.1. Disclosure only in case of transactions relating to borrowings by the listed entity or its subsidiary: In relation to borrowings by SDHI and repayment thereof.

Sr. No.	Particulars of the Information		Information provided by the management
1.	Debt to Equity Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): 42.33 For TOPL (As on 31/03/2026): 0.03
	b.	After transaction	To be determined after execution of the transaction
2.	Debt Service Coverage Ratio of the listed entity or its subsidiary based on last Audited Financial Statements Note: This shall not be applicable to listed banks / NBFC / insurance companies / housing finance companies.		
	a.	Before transaction	For SDHI (As on 31/03/2026): (0.06) For TOPL (As on 31/03/2026): 25.97
	b.	After transaction	To be determined after execution of the transaction

None of the Directors, Key Managerial Personnel and their relatives are in anyway concerned or interested, financially or otherwise, except to the extent of their directorship or shareholding in the resolution as set out at Item No. 6 of this Notice.

The Board recommends the Ordinary Resolution, as set out at Item No. 6 of the Notice, for the approval of the members of the Company.

ITEM NO 7:

Pursuant to Section 185 of the Companies Act, 2013 ("the Act"), a Company may advance any loan including any loan represented by book debt, or give any guarantee or provide any security in connection with any loan taken by any entity (said entity(ies)) covered under the category of 'a person in whom any of the director of the Company is interested' as specified in the explanation to Section 185(2)(b) of the Companies Act, 2013, after passing a Special Resolution in the General Meeting.

It is proposed to make loan(s) including loan represented by way of book debt to, and / or give guarantee(s) and / or provide security(ies) in connection with any loan taken / to be taken by the Subsidiary Companies or Associate or Joint Venture or group entity if any, or any other person in whom any of the Director of the Company is deemed to be interested as specified in the explanation to Section 185(2)(b) of the Act (collectively referred to as the "Entities"), from time to time, for the purpose of capital expenditure of the projects and / or working capital requirements or for any other permissible matters as may be required from time to time for its principal business activities and other matters connected and incidental thereto, within the limits as mentioned in the Item No. 7 of the Notice.

The proposed Special Resolution is in the nature of an enabling approval to authorize the Board of Directors to undertake such transactions, from time to time, as and when considered expedient and in the ordinary course of business, within the overall limits specified in the resolution. The members may note that Board of Directors would carefully evaluate the proposals and provide such loan, guarantee or security through deployment of funds out of internal resources / accruals and / or any other appropriate sources, from time to time, and the proposed loan shall be at such rate of interest as agreed by the parties in the best interest of the Company and shall be used by the borrowing company for its principal business activities only.

None of the Directors, Key Managerial Personnel and their relatives are in anyway concerned or interested, financially or otherwise, except to the extent of their directorship or shareholding in the resolution as set out at Item No. 7 of this Notice.

The Board recommends the Special Resolution, as set out at Item No. 7 of the Notice, for the approval of the members of the Company.

ITEM NO 8:

Pursuant to the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 (the "Rules") (as amended from time to time), the Board of Directors of a Company can give any loan to any person or body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person; and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit from time to time which together with the loans, guarantee, security and investment given / provided / made by the Company, beyond the maximum permissible limit under Section 186 of the Companies Act, 2013 i.e. 60% of the paid-up capital of the Company and its free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, provided that if special resolution has been passed by the shareholders of the Company to that effect.

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other bodies corporate as and when required. The loan(s), guarantee(s), security(ies) and investment(s), as the case may be, shall be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made thereunder.

Accordingly, as required under the provisions of Section 186 of the Act, the approval of the members is sought by way of a special resolution to enable the Board to make investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other bodies corporate as and when required up to a limit of ₹ 10,000 Crores (Rupees Ten Thousand Crores Only) or sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

None of the Directors, Key Managerial Personnel and their relatives are in anyway concerned or interested, financially or otherwise, except to the extent of their directorship or shareholding in the resolution as set out at Item No. 8 of this Notice.

The Board recommends the Special Resolution, as set out at Item No. 8 of the Notice, for the approval of the members of the Company.

By Order of the Board of Directors
For Swan Defence and Heavy Industries Limited
(formerly known as Reliance Naval and Engineering Limited)

Priti P. Dave
Company Secretary
ACS 19469

Place: Mumbai
Date: 27th May, 2026

Registered Office:
Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

Annexure A

Details of Directors seeking appointment

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard–2 on General Meetings]

Name of the Director	Mr. Vivek Merchant	Mr. Bhavik Merchant
Director Identification Number (DIN)	06389079	06389064
Brief Profile	Mr. Vivek Merchant is an engineering graduate from the University of Michigan, Ann Arbor and brings a future-focused vision to the Company.	Mr. Bhavik is a forward-thinking entrepreneur with a strong academic foundation in Economics from the USA.
Date of Birth	25/04/1993	04/07/1993
Age	33 years	33 years
Nationality	Indian	Indian
Date of First Appointment	08/12/2023	08/12/2023
Qualification	Engineering graduate from the University of Michigan, Ann Arbor	Economics degree from the University of California, Los Angeles (UCLA)
Experience (including expertise in specific functional area)	Since the Company took over the shipyard in January 2024, Mr. Vivek Merchant has driven its rapid revival, expanding capabilities across defence and commercial shipbuilding, ship repair, and heavy engineering. Under his leadership, the 600+ acre facility on India's west coast is emerging as a key enabler of the country's maritime ambitions.	As a key force behind Swan Group's ambitious infrastructure projects, he has led the Floating Storage Regasification Unit (FSRU) project and the port business, spearheaded by Swan LNG Private Limited and Triumph Offshore Private Limited.
Skills & Capabilities	Leadership and General Management, Strategic and Business Planning	Leadership and General Management, Strategic and Business Planning
Terms and conditions of appointment	As per the resolution set out at Item No. 3 of this Notice.	As per the resolution set out at Item No. 4 of this Notice.
Remuneration sought to be paid / last drawn	Nil	Nil
Relationship with other Directors/ Key Managerial Personnel	Mr. Paresh Merchant - Father	Mr. Nikhil Merchant - Father
Number of meetings of Board attended during the year	6/6	5/6
List of other Companies in which Directorship held	**Listed Public Companies:** None **Private Companies:** 1. Accord Dealtrade Private Limited 2. Keystar Commotrade Private Limited 3. Pegasus Ventures Private Limited 4. Anirdesh Enclave Private Limited 5. Vakratund Plaza Private Limited 6. Muse Advertising and Media Private Limited	**Listed Public Companies:** None **Private Companies:** 1. Swansat Private Limited 2. Accord Dealtrade Private Limited 3. Keystar Commotrade Private Limited 4. Anirdesh Enclave Private Limited 5. Vakratund Plaza Private Limited 6. Altamount Estates Private Limited

	7. Triumph Offshore Private Limited 8. Swan LNG Private Limited 9. Siddhivinayak Financial Consultants Private Limited 10. Lifelong Ventures Private Limited 11. Orchid Infra Builders Private Limited 12. Rockstar Ventures Private Limited 13. Storm Soft Technologies Private Limited 14. Swan Balu Heavy Industries Private Limited **Unlisted Public Companies:** 1. Hazel Infra Limited **Company licensed and registered in terms of Section 8 of the Companies Act, 2013:** None	7. Muse Advertising and Media Private Limited 8. Triumph Offshore Private Limited 9. Cardinal Energy & Infrastructure Private Limited 10. Swan LNG Private Limited 11. Swan Defence and Heavy Industries Limited 12. Swan Imagaination Private Limited 13. Agneyastra Innovations Private Limited 14. Rockstar Ventures Private Limited 15. Orchid Infra Builders Private Limited 16. Lifelong Ventures Private Limited 17. Siddhivinayak Financial Consultants Private Limited 18. Bhoomisure Insurtech Private Limited **Unlisted Public Companies:** 1. Hazel Infra Limited **Company licensed and registered in terms of Section 8 of the Companies Act, 2013:** None
Listed entities from which the Director has resigned from Directorship in last 3 (three) years	Nil	Nil
Chairman / Member of the Committees of the Board across all Public Companies in which Directorship held (including listed entities from which resigned in the past three years)	Nil	Nil
Chairman / Member of the Committees of the Board of Directors of the Company	Stakeholders Relationship Committee - Member	Nil
No. of Shares held in the Company, including shareholding as a beneficial owner	Nil	Nil

By Order of the Board of Directors
For Swan Defence and Heavy Industries Limited
(formerly known as Reliance Naval and Engineering Limited)

Priti P. Dave
Company Secretary
ACS 19469

Place: Mumbai
Date: 27th May, 2026

Registered Office:
Pipavav Port, Post Ucchaiya,
Via Rajula, Amreli, Gujarat, 365 560
Website: www.sdhi.co.in
Email: sdhi.investors@swan.co.in
CIN: L35110GJ1997PLC033193

DIRECTORS' REPORT

To,
The Members,

1. The Board of Directors of the Company hereby present the Twenty Ninth (29th) Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2026.

2. FINANCIAL RESULTS:

The financial performance of the Company, on standalone and consolidated basis, for the Financial Year ended 31st March, 2026 is summarised below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	For the Year ended on 31.03.2026	For the Year ended on 31.03.2025*	For the Year ended on 31.03.2026	For the Year ended on 31.03.2025*
Profit / (Loss) before interest & depreciation	(15,192.23)	(9,745.31)	(15,192.23)	(9,746.43)
Less: Interest	1,232.00	2,093.50	1,232.00	2,093.50
Depreciation	6,326.74	6,087.85	6,326.74	6,087.85
Exceptional Items	-	(222.64)	-	(222.64)
Profit / (Loss) before Tax	(22,750.97)	(18,149.30)	(22,750.97)	(18,150.42)
Less: Provision for Taxation	-	-	-	-
Net Profit / (Loss) for the year	**(22,750.97)**	**(18,149.30)**	**(22,750.97)**	**(18,150.42)**
Consolidated share in the profit / (loss) of Associate	-	-	160.06	46.47
Net Profit / (Loss) for the year before Comprehensive Income	(22,750.97)	(18,149.30)	(22,590.91)	(18,103.95)
Other Comprehensive Income for the year	-	-	(6.34)	-
Total Comprehensive Income for the year	(22,750.97)	(18,149.30)	(22,597.25)	(18,103.95)
Attributable to shareholders of the Company	(22,750.97)	(18,149.30)	(22,597.25)	(18,103.95)

*Previous year's figures have been regrouped / rearranged wherever necessary.

On standalone basis, revenue from operations for the Financial Year 2025-26 was ₹ 28,213.87 lakhs as compared to ₹ 703.46 lakhs in the previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) for the year was ₹ (15,192.23) lakhs as compared to ₹ (9,745.31) lakhs in the previous year. Profit after Tax (PAT) for the year was ₹ (22,750.97) lakhs as compared to ₹ (18,149.30) lakhs in the previous year.

On consolidation basis, revenue from operations for the Financial Year 2025-26 was ₹ 28,213.87 lakhs as compared to ₹ 703.46 lakhs in the previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) for the year was ₹ (15,192.23) lakhs as compared to ₹ (9,746.43) lakhs in the previous year. Profit after Tax for the year was ₹ (22,750.97) lakhs as compared to ₹ (18,150.42) lakhs in the previous year.

3. BUSINESS OUTLOOK & THE STATE OF COMPANY'S AFFAIRS:

The year under review marked a significant phase of operational strengthening and business expansion for Swan Defence and Heavy Industries Limited (SDHI). Despite geopolitical uncertainties, supply chain disruptions, and volatility in global trade and commodity markets, the shipbuilding and maritime sectors continued to benefit from increasing defence expenditure, fleet replacement demand, and government support towards domestic manufacturing and maritime infrastructure development.

India's continued focus on defence indigenisation, naval modernization, coastal infrastructure development, and self-reliance under the "Aatmanirbhar Bharat" initiative is expected to create long-term opportunities for domestic shipyards. Government initiatives such as the Shipbuilding Financial Assistance Scheme (SBFAS 2.0), Maritime Amrit Kaal Vision 2047, Sagarmala Programme, and Shipbuilding Development Scheme (SbDS) are also expected to strengthen India's shipbuilding ecosystem and enhance the competitiveness of Indian shipyards.

The milestones achieved during the year, including strengthening of the order book, expansion into defence exports, strategic technology partnerships, and successful closure of the Resolution Plan, have positioned SDHI for its next phase of growth.

Going forward, the Company will focus on timely execution of its order book, enhancing operational capabilities, and pursuing opportunities across commercial shipbuilding, defence, ship repair, offshore fabrication, and green vessel segments. Supported by its integrated shipyard infrastructure, strategic collaborations, and available capacity, SDHI remains well-positioned to capitalize on the long-term growth opportunities in India's maritime sector.

4. REVIEW OF OPERATION

I. Strengthening Commercial Shipbuilding Pipeline:

During the financial year under review, SDHI secured its first major commercial shipbuilding order following acquisition of the shipyard through CIRP, marking a key milestone in the Company's operational journey. The Company secured a USD 227 million contract from Rederiet Stenersen AS, Norway, for construction of 6 (six) 18,000 DWT IMO Type II chemical tankers at its shipyard. The order is one of India's largest commercial shipbuilding contracts and the first chemical tanker order awarded to an Indian shipyard. The agreement also includes an option for six additional vessels, further strengthening SDHI's commercial shipbuilding pipeline.

Further strengthening its commercial order book, SDHI secured an order for construction of 4 (four) 92,500 DWT dual-fuel ammonia bulk carriers from Energy ONE Limited, reinforcing the Company's presence in green and next-generation vessel categories.

II. Defence Export Order and Ship Repair Activities

During the Financial Year under review, SDHI secured a prestigious defence export order from the Government of the Sultanate of Oman for the construction of a state-of-the-art training vessel for the Royal Navy of Oman (RNO), strengthening the Company's presence in defence and specialized shipbuilding programs.

The Company also undertook ship repair and refit assignments during the year, demonstrating operational readiness and execution capabilities across multiple marine segments.

III. Strategic Collaborations and Technology Partnerships

SDHI entered into strategic collaborations and Memoranda of Understanding (MoUs) with leading domestic and international organizations to strengthen technological capabilities, expand market access, and enhance operational expertise.

These collaborations include partnerships with Mazagon Dock Shipbuilders Ltd., Garden Reach Shipbuilders & Engineers Ltd., Royal IHC, Samsung Heavy Industries, and Fincantieri for opportunities across defence shipbuilding, commercial vessels, offshore structures, and advanced marine technologies.

IV. Successful Completion of OFS

During the year, the promoters of SDHI successfully concluded an Offer for Sale (OFS) aggregating approximately ₹ 500 Crores in compliance with minimum public shareholding requirements. The OFS resulted in approximately 5% equity dilution and witnessed participation from marquee institutional investors, further strengthening the Company's market positioning, broadening its investor base, and enhancing public shareholding.

V. Operational Efficiency and Capability Enhancement

The Company continued to focus on operational improvements, workforce development, infrastructure optimization, and process enhancement initiatives across the shipyard.

SDHI also continued efforts to strengthen safety standards, environmental compliance measures, and adoption of efficient operational practices aligned with industry requirements and long-term sustainability objectives.

VI. Closure of Resolution Plan:

During the year, SDHI successfully concluded its Corporate Insolvency Resolution Process (CIRP) by prepaying all Committee of Creditors (CoC) obligations originally scheduled for December 2026 and 2027. This proactive debt clearance eliminates legacy financial overheads, establishing a clean, de-leveraged Balance Sheet that allows the shipyard to scale up its operations.

5. SCHEME OF ARRANGEMENT AND AMALGAMATION:

The Board at its meeting held on 22nd November, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited (“the Transferor Company” or “TOPL”) and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] (“the Transferee Company” or “SDHI”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder (“the Act”), which *inter alia* provides for the following:

1. Reduction and re-organisation of the capital of the Transferee Company.
2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHI will issue 1,325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of ₹ 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1,000 (One Thousand) Equity Shares of ₹ 10/- (Rupees Ten) each fully paid-up, held by such shareholders in TOPL.

As on 31st March, 2026, the Company had received the requisite approvals from the Stock Exchanges for proceeding with the filing of the application before the Hon’ble National Company Law Tribunal, Ahmedabad Bench (“NCLT”). Pursuant thereto, the Company filed the application with the Hon’ble NCLT on 27th March, 2026.

Subsequent to the date of the Financial Statements, the following developments have taken place in the matter:

1. The Order of the Hon’ble NCLT was received on 13th April, 2026 and 16th April, 2026 directing the Company to hold a meeting of the Equity Shareholders of the Company.
2. Pursuant to the said Order, the NCLT-convened Extraordinary General Meeting (“EGM”) of the shareholders of the Company was duly held on 25th May, 2026, and the resolution was passed with requisite majority of the shareholders.

6. DIVIDEND & RESERVES:

In view of losses and keeping in view the Company’s financial position, the Board of Directors of your Company have not recommended Dividend for the year under review.

The Company has not transferred any amount to the General Reserve during the Financial Year 2025-26.

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 27th August, 2026 to Wednesday, 2nd September, 2026 (both days inclusive) for the purpose of the 29th Annual General Meeting.

7. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES:

Following is the status of Subsidiary and Associate Companies:

Sr. No.	Name of the Company	Nature of entity	Status	Accounting of investment
1.	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Ongoing	Impaired in FY 2018-19 and written off in FY 2022-23
2.	PDOC Pte. Limited	Subsidiary	Ongoing	Impaired in FY 2018-19 and written off in FY 2022-23
3.	Conceptia Software Technologies Private Limited	Associate	Ongoing	Carried in the books

E Complex Private Limited, RMOL Engineering and Offshore Limited and REDS Marine Services Limited, Wholly Owned Subsidiaries, are under Liquidation and have not been depicted above. The Company's investments in these entities have been fully written off.

Due to the write-off and impairments of investments in Subsidiary Companies, the financial information of the Subsidiaries has not been considered for the consolidation of the Financial Statements of the Company, except for Conceptia Software Technologies Private Limited, the Associate Company.

A statement in Form AOC-1, pursuant to Section 129(3) of the Companies Act, 2013 ("the Act"), giving details of the Associate Company of the Company is attached to the Accounts. The Financial Statements and related documents of the Associate Company shall be kept open for inspection at the registered office of the Company.

8. SHARE CAPITAL:

During the Financial Year under review, there was no change in the Authorised Share Capital of the Company.

As on 31st March, 2026, the issued, subscribed and paid-up Equity Share Capital of the Company stood at ₹ 52,68,21,500/- (Rupees Fifty-Two Crore Sixty-Eight Lakhs Twenty-One Thousand Five Hundred only) comprising 5,26,82,150 fully paid-up equity shares of ₹ 10/- each. There was no change in the issued, subscribed and paid-up equity share capital of the Company during the Financial Year under review.

9. MINIMUM PUBLIC SHAREHOLDING ("MPS")

Pursuant to the Resolution Plan approved under the Corporate Insolvency Resolution Process ("CIRP"), as sanctioned by the Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad Bench on 23rd December, 2022, your Company had allotted 5,00,00,000 Equity Shares in favour of Hazel Infra Limited. Subsequent to this allotment of 5,00,00,000 Equity Shares, the shareholding of Hazel Infra Limited stood at 94.91% thereby, leading to the reduction of the Public Shareholding to 5.09%.

In order to comply with the MPS threshold, Hazel Infra Limited, the Promoter of the Company conducted an Offer for Sale ("OFS") through Stock Exchange Mechanism for 26,38,747 equity shares of the Company representing 5.01% of the total paid up share capital of the Company. The OFS resulted in the 'public' shareholding in the Company increasing to 10.10%, in compliance with the partial MPS requirements prescribed under Rule 19A of SCRR.

Further, in order to ensure compliance with the MPS norms (i.e., 25% of the aggregate paid up equity share capital of the Company to be held by the 'public' category of shareholders), your Company is committed to achieve the required thresholds within the stipulated timelines. The Company is actively evaluating and exploring various permissible options and mechanisms as prescribed by SEBI.

10. STATUTORY DISCLOSURES:

10.1 Management Discussion and Analysis:

In terms of Regulation 34(2)(e) of the SEBI Listing Regulations, a Report on Management Discussion and Analysis forms part of this Annual Report and is annexed to this Report as **Annexure A**.

10.2 Corporate Governance:

In terms of Regulation 34(3) read with Schedule V(C) of the SEBI Listing Regulations, the Corporate Governance Report, together with the certificate issued by the Secretarial Auditor confirming compliance with the conditions of Corporate Governance, forms part of this Annual Report and is annexed to this report as **Annexure B**.

Further, in terms of Regulation 17(5) of the SEBI Listing Regulations, your Company has adopted a 'Code of Conduct and Business Ethics' for its Directors and Senior Management Personnel.

10.3 Annual Return:

In terms of Sections 134 and 92 of the Act, the Annual Return of the Company as on 31st March, 2026 is available on the Company's website and can be accessed at www.sdhi.co.in.

10.4 Familiarization Programme for Independent Directors:

The familiarization programme is to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes and about the overall functioning and performance of the Company.

The policy and details of Familiarization Programme are available on the Company's website and can be accessed at https://sdhi.co.in/wp-content/uploads/2026/05/Familiarisation_programme_for_Independent_Directors-FY25-26.pdf

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

Information under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this Report as **Annexure C**.

10.6 Particulars of employees:

In terms of Section 136(1) of the Act and as advised, the statement containing particulars of employees under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure D**.

Details of employee remuneration as required under the provisions of Section 197 of the Act and Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, form part of this Report. As per the provisions of Section 136 of the Act, the Report and Financial Statements are being sent to the Members of your Company and others entitled thereto, excluding the statement on particulars of employees. Copies of said statement are available at the Registered Office of the Company during the designated working hours from 21 days before the Annual General Meeting till the date of the Annual General Meeting. Any member interested in obtaining such details may also write to the Corporate Secretarial Department at the Registered Office of the Company.

10.7 Number of Board & Committee Meetings:

During the Financial Year under review, 6 (Six) Meetings of the Board of Directors were convened and held. The details of the meetings of the Board and its Committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

10.8 Statement on Declaration given by Independent Directors:

The Independent Directors of the Company have submitted their declaration of Independence, confirming that they meet the criteria of independence as provided in Section 149(6) of the Act and the SEBI Listing Regulations and they have registered their names in the Independent Directors' Databank.

The Board is of the opinion that all the Independent Directors possess integrity, have relevant expertise, experience and fulfil the conditions specified under the Act, and the SEBI Listing Regulations.

10.9 Disclosures regarding Company's Policies under the Companies Act, 2013:

i. Nomination and Remuneration Policy:

The Board has framed a Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act for the Directors, Key Managerial Personnel and other employees of the Company. The Policy is available on the Company's website at https://sdhi.co.in/wp-content/uploads/2026/05/NRC-Policy-Oct2024.pdf.

ii. Whistle Blower Policy / Vigil Mechanism:

The Company has established a Vigil Mechanism / Whistle Blower Policy in accordance with the provisions of the Act and the SEBI Listing Regulations to enable Directors, employees and other stakeholders to report genuine concerns, unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy is available on the Company's website and can be accessed at https://sdhi.co.in/wp-content/uploads/2026/05/SDHI-whistle-blower-policy.pdf

During the reporting period, no person has been denied access to the Chairman of the Audit Committee.

iii. Risk Management Policy:

The Company has in place a structured Risk Management Policy. The Risk Management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are integrated with the management process such that they receive the necessary consideration during decision making. The Policy is available on the Company's website and can be accessed at https://sdhi.co.in/wp-content/uploads/2026/07/Risk-management-Policy.pdf.

iv. Dividend Distribution Policy:

In terms of Regulation 43A of the SEBI Listing Regulations, the Company has adopted a Dividend Distribution Policy. The Policy is available on the Company's website at https://sdhi.co.in/wp-content/uploads/2026/05/SDHIL-Dividend-Distribution-Policy.pdf

v. Related Party Transactions ("RPT"):

The Company has a well-defined process for the identification of related parties and related party transactions, its approval and periodic review. The disclosures relating to RPTs and the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions is available on the Company's website at https://sdhi.co.in/wp-content/uploads/2026/05/SDHI_Related-Party-Transactions-Policy.pdf

All the Related Party Transactions entered into during the Financial Year under review were in the ordinary course of business and on an arm's length basis. The RPTs entered into by the Company during the Financial Year, which attracted provisions of Section 188 of the Act and as defined under Regulation 23 of the SEBI Listing Regulations, are disclosed in the Notes to the Financial Statements.

During the Financial Year 2025-26, pursuant to Section 177 of the Act and Regulation 23 of SEBI Listing Regulations, all RPTs were placed before the Audit Committee for its approval. Members are requested to refer Note No. 35 forming part of the Annual Audited Financial Statements.

The Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, as approved by the Board, is available on the Company's website and can be accessed at https://sdhi.co.in/wp-content/uploads/2026/05/SDHI_Related-Party-Transactions-Policy.pdf

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions, taking into account the potential or actual conflicts of interest that may arise from such transactions. All the RPTs entered in the ordinary course of business and on an arm's length basis were reviewed and approved by the Audit Committee. Further, all RPTs are placed before the Audit Committee for its review on a quarterly basis.

10.10 Particulars of Loans, Guarantees or Investments by Company:

Details required to be disclosed pursuant to the provisions of Section 186 of the Act are disclosed in the Note No. 35(c) to the Financial Statements and forms a part of this Annual Report.

The loan obtained from the parent Company, viz, Hazel Infra Limited, was effectively utilized as working capital to support the yard restoration and to meet repayment obligations to the financial creditor, in line with the deferred payment agreement.

The Company did not provide any guarantees or make any investments during the year.

11. AUDITORS AND AUDITORS' REPORTS:

11.1 Statutory Auditor:

In terms of the provisions of Section 139 of the Act and the rules made thereunder, M/s. N. N. Jambusaria & Co., Chartered Accountants, Firm Registration No. 104030W, were appointed as the Statutory Auditors of the Company, for a first term of 5 (five) consecutive years starting from the conclusion of the 27th Annual General Meeting ("AGM") held on 27th December, 2024, till the conclusion of the 32nd AGM to be held in the year 2029. The Auditors have confirmed that they are not disqualified from continuing as the Statutory Auditors of the Company.

As per the amended Section 139 of the Act, the appointment of Statutory Auditors is not required to be ratified at every AGM.

The Report given by M/s. N. N. Jambusaria & Co., Chartered Accountants, on the Financial Statements of the Company is a part of the Annual Report. The notes on the Financial Statements referred to in the Auditors Report are self-explanatory and do not call for any further comments. There are no qualification, reservation or adverse remark or disclaimer in their Report.

11.2 Cost Audit:

In accordance with the applicable regulatory provisions, the requirements to appoint a Cost Auditor does not apply to the Company.

11.3 Secretarial Audit:

M/s. DM & Associates Company Secretaries LLP, Mumbai (Firm Registration No: L2017MH003500) (Peer Review Certificate: 6584/2025) were appointed as the Secretarial Auditors of the Company at the 28th AGM held on 24th September, 2025, for a first term of 5 (five) consecutive financial years, commencing from the Financial Year 2025-26 till the Financial Year 2029-30.

The Secretarial Audit Report for the Financial Year ended 31st March, 2026, is annexed herewith as **Annexure E** and forms part of this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

12. COMPLIANCE OF SECRETARIAL STANDARDS OF ICSI:

In terms of Section 118(10) of the Act, the Company states that the applicable Secretarial Standards i.e., SS-1 and SS-2, issued by the Institute of Company Secretaries of India, relating to Meetings of Board of Directors and General Meetings respectively, have been duly complied with.

13. FINANCE:

Your Company has been regular in meeting its obligations towards the repayment of principal and payment of interest to Banks and other Financial Institutions.

14. RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS:

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Policy and framework of the Company. The Committee is responsible for monitoring and reviewing the risk management framework and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and internal controls. The major risks identified across the businesses and functions are systematically addressed through appropriate mitigation on a continuing basis. The development and implementation of Risk Management Policy has been covered in the report on Management Discussion and Analysis which forms a part of the Annual Report. The Risk Management process ensures that all material Strategic and Commercial risks including Cybersecurity, Safety and Operations, Compliance, Control and Financial risks have been identified and assessed; and that all adequate risk mitigation measures are in place to address these risks. Further details on the risk management activities including the implementation of risk identification and mitigation are covered in the Management Discussion and Analysis Report, which forms part of this Annual Report.

The Company has in place adequate Internal Financial Controls with reference to the Financial Statements, commensurate with the size, scale and complexity of its operations. These controls have been identified by the Management and are evaluated for operating effectiveness across various locations and functions by the management and tested by the Auditors on a sample basis. The Internal Financial Controls are reviewed by the management periodically and deviations, if any, are reported to the Audit Committee.

During the Financial Year under review, such controls were tested and no material weaknesses in the design or operating effectiveness of such controls were observed.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP"):

All appointments and re-appointments of Directors are carried out in accordance with the applicable provisions of the Act, the Rules made thereunder, the SEBI Listing Regulations and Articles of Association of the Company.

Retirement by Rotation:

At the ensuing 29th AGM, Mr. Vivek Merchant (DIN: 06389079) and Mr. Bhavik Merchant (DIN : 06389064) retire by rotation and being eligible, have offered themselves for re-appointment.

Appointments and Cessation of Directors and KMP:

During the Financial Year under review:

i. **Mr. Ashishkumar Bairagra** (DIN: 00049591) Non-Executive Independent Director, resigned from the directorship of the Company with effect from 20th February, 2026.

ii. **Mr. Jayaramakrishnan Kannan** (DIN: 06551104) was appointed as an Additional Director in the category of Non-Executive Independent Director for a first term of 5 (five) consecutive years with effect from 31st March, 2026. His appointment was approved by the shareholders by way of Postal Ballot on 19th May, 2026.

iii. **Mr. Vishant Shetty**, Company Secretary and Compliance Officer of the Company, resigned with effect from 22nd June, 2025.

iv. **Ms. Priti P. Dave** was appointed as the Company Secretary and Compliance Officer of the Company with effect from 17th December, 2025.

v. **Mr. Rajesh Bhardwaj** was redesignated as the Dy. Chief Financial Officer of the Company with effect from 27th May, 2026.

vi. **Mr. Jignesh Shah** was appointed as the Chief Financial Officer of the Company with effect from 28th May, 2026.

During the Financial Year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than the payment of sitting fees, commission and reimbursement of expenses, wherever applicable.

None of the Directors of the Company are disqualified in accordance with Section 164 of the Act. The Company has received the necessary declarations and confirmations from all the Directors as required under the Act and the SEBI Listing Regulations.

Further, in terms of the SEBI Listing Regulations, a Certificate from M/s. DM & Associates Company Secretaries LLP, confirming that none of the Directors on the Board has been debarred or disqualified from being appointed or continuing as a Director by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority, forms part of the Corporate Governance Report.

Key Managerial Personnel

The following personnel have been designated as the Key Managerial Personnel ("KMP") of the Company as on 31st March, 2026, pursuant to Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	Designation
Mr. Nikhil Merchant	Managing Director
Mr. Vipin Saxena	Chief Executive Officer
Mr. Rajesh Bhardwaj	Chief Financial Officer
Mr. Vishant Shetty	Company Secretary and Compliance Officer upto 22nd June, 2025
Ms. Priti P. Dave	Company Secretary and Compliance Officer w.e.f 17th December, 2025

Note: Mr. Jignesh Shah was appointed as the Chief Financial Officer of the Company w.e.f. 28th May, 2026.

16. GENERAL DISCLOSURES:

During the Financial Year under review:

A. Performance evaluation of the Board, its Committees and Individual Directors:

Pursuant to the Section 134 of the Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, all the Committees and Individual Directors including Chairman of the Board. The Board Evaluation Policy which had been framed by the Company for the purpose of establishing, inter alia, qualifications, positive attributes, independence of Directors and determination of criteria based on which such evaluation is required to be carried out includes matters stated in guidance notes issued by the Securities and Exchange Board of India which is available on the website of the Company at https://sdhi.co.in/wp-content/uploads/2026/05/SDHI-Performance-Evaluation-.pdf.

A separate meeting of Independent Directors was held on 4th February, 2026, wherein the required evaluation was carried out in terms of the modified policy thereof. More details on the same are given in the Corporate Governance Report.

B. Change in the nature of the business:

There was no change in the nature of business of the Company.

C. Deposits:

The Company has not accepted any deposits from the public.

D. Significant and Material Orders passed by the Regulators or Courts:

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

E. Prevention of Sexual Harassment of Women at Workplace:

The Company has constituted an Internal Committee in compliance of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint pertaining to sexual harassment at workplace has been received by the Company.

The status of complaints under the said Act during the Financial Year is as under:

- Number of complaints received: Nil
- Number of complaints disposed of: NA
- Number of complaints pending beyond 90 days: NA

F. Compliance with the Maternity Benefit Act, 1961:

The Company has complied with the applicable provisions of the Maternity Benefit Act, 1961, and rules framed thereunder, as amended. The Company is committed to ensuring a safe, inclusive, and supportive workplace for women employees. All eligible women employees are provided with Maternity Benefits as prescribed under the said Act.

G. Proceedings under Insolvency and Bankruptcy Code, 2016 ("IBC"):

There were no applications made or any proceedings pending under IBC by or against the Company.

H. One-time Settlement with Banks or Financial Institutions:

There were no instances of one-time settlement with any Banks or Financial institutions.

I. Giving of loan for purchase of shares:

The Company has neither made any provision of money nor provided any loan to the employee of the Company for subscription to / purchase of shares of the Company, pursuant to Section 67 of the Act and the Rules made thereunder.

J. Fraud Reporting:

During the Financial Year under review, the Statutory and Secretarial Auditors have not reported any instances of fraud committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

K. Material Changes and Commitments:

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year to which the Financial Statements relate and the date of this Report.

17. COMMITTEES OF THE BOARD:

The Board has constituted various Committees in accordance with the provisions of the Act and the SEBI Listing Regulations, namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Risk Management Committee.

Brief details pertaining to composition, terms of reference, meetings held and attendance there at of these Committees during the year has been enumerated in the Corporate Governance Report. The Audit Committee comprises Mr. Kaiyoze Billimoria as the Chairman, and Mr. Paresh Merchant and Mr. Prabhakar Patil as the member. All the recommendations of the Audit Committee have been accepted by the Board of Directors.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors confirm that:

a) in the preparation of the Annual Accounts for the year ended 31st March, 2026, the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) appropriate Accounting Policies were selected and applied consistently, using reasonable and prudent judgments and estimates so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2026 and of the loss of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Annual Accounts have been prepared on a 'going concern' basis;

e) Internal Financial Controls have been laid down and followed by the Company and that such controls are adequate and are operating effectively;

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. INDUSTRIAL RELATIONS:

The relationship with all those concerned continued to remain harmonious and cordial throughout the year under review.

20. APPRECIATION:

The Directors place on record their sincere appreciation for the continued support and timely assistance from Financial Institutions, Banks, Government Authorities and above all, its Shareholders, who have extended their valuable support to the Company.

The Directors also wish to appreciate the sincere and dedicated efforts and services of all the employees / staff.

For and on behalf of Board of Directors

	Nikhil Merchant	**Paresh Merchant**
Place: Mumbai	**Chairman & Managing Director**	**Director**
Date: 27th May, 2026	**DIN: 00614790**	**DIN: 00660027**

Annexure - A

Annexure to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

a. INDIAN MARKET OUTLOOK:

India's economy continued to demonstrate strong resilience during FY 2025-26, reinforcing its position as one of the fastest-growing major economies globally despite ongoing geopolitical and global trade uncertainties. Supported by robust domestic demand, infrastructure investments, manufacturing growth, and policy-led reforms, the country maintained healthy economic momentum throughout the year, registering a robust GDP growth rate of 7.5%.

This exceptional domestic performance was further driven by a structural push via sustained public capital expenditure exceeding 5% of GDP. The domestic monetary environment provided additional stability, with headline CPI inflation softening to a record low of 2.2% during the year, which enhanced purchasing power and significantly boosted investment momentum across heavy industries and manufacturing.

Against this favourable macroeconomic backdrop, the environment directly catalysed growth in the infrastructure, defence, and maritime logistics sectors. Strategic government initiatives, including Aatmanirbhar Bharat, Maritime India Vision 2030, and the Maritime Amrit Kaal Vision 2047, continue to strengthen India's indigenous shipbuilding and defence ecosystem, providing a robust foundation for the Company to scale its operations and capture high-value orders.

b. SHIPBUILDING INDUSTRY OUTLOOK: GLOBAL TRENDS AND INDIA'S GROWING ROLE:

The global shipbuilding sector is navigating a robust expansion phase, driven by a fleet replacement cycle due to ageing vessels and strict environmental mandates. Industry projections indicate that the global market is set to expand from USD 175.71 billion in 2026 to USD 274.19 billion by 2034, reflecting a compound annual growth rate (CAGR) of 5.72%. This momentum is fundamentally underpinned by the International Maritime Organization's (IMO) stringent decarbonisation targets, which are compelling global fleet operators to execute a massive transition toward green vessels to replace the ageing fleet over the coming decade.

Domestically, the Indian shipbuilding ecosystem is undergoing a historic structural transformation aimed at capturing a larger share of this global demand. In September 2025, the Government of India approved a shipbuilding package of ₹ 69,725 Crore, comprising the Shipbuilding Financial Assistance Scheme (SBFAS), the Maritime Development Fund (MDF), and the Shipbuilding Development Scheme (SbDS), to enhance India's global competitiveness in the shipbuilding and maritime sectors. A key component of this package is the upgraded Shipbuilding Financial Assistance Scheme (SBFAS 2.0), supported by a dedicated allocation of ₹ 24,736 Crore through 2036. The scheme is expected to strengthen the global competitiveness of Indian shipyards by improving their ability to bid for international shipbuilding contracts.

The Government has undertaken several policy reforms to strengthen the domestic shipbuilding industry. These include granting infrastructure status to large vessels and implementing demand aggregation measures. On 19th September, 2025, the Government notified the infrastructure status for Indian-flagged commercial vessels with a Gross Tonnage (GT) of 10,000 or above. For vessels constructed in India, infrastructure status has been extended to vessels with a Gross Tonnage (GT) of 1,500 or above. In addition, under the demand aggregation initiative, a fleet acquisition plan for more than 400 vessels has been prepared, providing long-term order visibility for Indian shipyards.

While traditional East Asian hubs historically dominated global production volumes, these sweeping domestic policy transformations, combined with favourable labour economics and expanding port infrastructure, are repositioning India as a premier alternative. The domestic sector is rapidly moving up the value chain, shifting capabilities toward complex, high-value international commercial vessel architectures and specialised defence exports. Backed by institutional support and enhanced execution frameworks, Indian shipyards are uniquely positioned to drive sustainable growth and establish long-term structural resilience throughout this positive global industry cycle.

c. SDHI'S STRATEGIC POSITIONING AND OPERATIONAL READINESS:

Swan Defence and Heavy Industries Limited continued to strengthen its market positioning during FY 2025-26 through operational readiness, strategic collaborations, and expansion of its shipbuilding order pipeline across commercial and defence segments.

The Company's confirmed shipbuilding order book currently comprises multiple active orders across commercial and defence categories. The USD 227 million contract with Rederiet Stenersen AS, Norway, for construction of 6 (six) 18,000 DWT IMO Type II chemical tankers forms part of the Company's existing commercial order book. The Company also secured an order for 4 (four) 92,500 DWT dual-fuel ammonia bulk carriers from Energy ONE Limited, further strengthening its commercial shipbuilding pipeline and expanding its presence in next-generation green vessel segments.

On the defence side, the Company is executing a state-of-the-art training ship for the Royal Navy of Oman, reinforcing SDHI's growing participation in specialised and defence-oriented shipbuilding opportunities. In addition to shipbuilding, the Company successfully completed multiple ship repair and refit assignments during the year, demonstrating operational readiness and strengthening its capabilities in the repair and marine services segment.

To further strengthen its technical expertise and market reach, the Company has established strategic collaborations with leading domestic and international organisations, including Mazagon Dock Shipbuilders Ltd., Garden Reach Shipbuilders & Engineers Ltd., Royal IHC, Samsung Heavy Industries and Fincantieri. These partnerships are expected to enhance design capabilities, technology integration, digital transformation, sustainability standards, and execution capabilities across commercial shipbuilding, defence, offshore fabrication, ship repair, and green vessel segments.

d. KEY OPERATIONAL STRENGTHS

- **India's Largest Dry Dock Facility:** SDHI operates the largest dry dock in India, measuring 662 meters in length and 65 meters in width, enabling the simultaneous construction of large vessels.
- **Unmatched Fabrication Capacity:** The shipyard has an annual fabrication capacity of 1,64,000 metric tonnes, with fabrication sheds capable of producing modular blocks weighing up to 300 tonnes.
- **State-of-the-Art Automation:** The facility is equipped with advanced machinery, including a large-scale semi-automated TTS panel production line, supporting high-precision and efficient manufacturing.
- **Efficient Block Assembly:** Dedicated spaces are available for pre-outfitting and mega block assembly, allowing for streamlined integration of large structural blocks using a 600 MT Goliath crane.
- **Experienced Leadership and Technical Talent:** Led by CEO Rear Admiral Vipin Kumar Saxena (Retd), SDHI is backed by a highly skilled management team and a specialised workforce comprising seasoned naval architects, marine engineers, and defence production experts. This leadership framework ensures seamless execution across both complex commercial builds and specialised naval mandates.
- **Diversified Order Book Across Commercial and Defence Segments:** SDHI has established a growing order pipeline comprising chemical tankers, dual-fuel ammonia bulk carriers, naval training vessels, and ship repair assignments, providing diversified business opportunities across commercial and defence categories.
- **Strategic Global and Domestic Collaborations:** SDHI has entered into strategic collaborations with leading domestic and international shipbuilding companies, enhancing technical expertise, design capabilities, and execution readiness across complex vessel categories.

e. KEY THREATS AND INDUSTRY RISKS:

- **Global Competition from Subsidized Shipyards:** International shipyards, particularly in China, South

Korea, and Japan, are benefiting from significant government subsidies, making it challenging for Indian yards to compete on pricing and delivery timelines.

- **Execution and Project Delivery Risks:** Large and technically complex shipbuilding projects involve stringent delivery schedules, multi-vendor coordination, and engineering integration challenges, which may impact execution timelines and project profitability.
- **Dependence on Imported Equipment and Components:** Certain critical marine equipment, propulsion systems, navigation systems, and specialised components continue to have import dependency, exposing the industry to currency fluctuations, supply disruptions, and procurement delays.
- **Changing International Regulatory Frameworks:** Evolving global maritime regulations relating to emissions, vessel efficiency, environmental standards, and safety compliance may require continuous operational and technological upgrades.
- **Volatility in Raw Material Prices:** Fluctuations in the prices of steel, specialty alloys, and marine equipment can adversely impact project margins, particularly for fixed-price contracts.
- **Natural Disasters and Climate Risks:** Operations near coastal areas are exposed to weather-related disruptions such as cyclones, flooding, or heavy monsoons, affecting project schedules.

f. KEY OPPORTUNITIES FOR THE SHIPBUILDING INDUSTRY IN INDIA:

- **Global Fleet Replacement Supercycle and Capacity Constraints:** Over 40% of the global merchant fleet is now over 20 years of age, driving a multi-year replacement cycle where ageing tonnage reaching 25 years of age is projected to accelerate from nearly 28 million GT to almost 100 million GT by 2035. With major tier-1 Asian shipyards facing an average order backlog of 4.4 years and pushing next dry-dock availability beyond 4 years, Indian shipyards are exceptionally well positioned to capture shifting international demand for fleet modernisation and new vessel construction.
- **Domestic PSU Order Pipeline:** The Government procurement programme for 437 vessels is estimated at ₹ 2.2 lakh crore over the next decade. The Shipping Corporation of India has been designated the nodal agency to aggregate this large-scale requirement, and the programme provides long-term commercial order visibility and a stable demand baseline for domestic shipyards.
- **Robust Domestic Defence Procurement Program:** Driven by rising defence capex and indigenous mandates, the Indian Navy's frontline combat fleet is projected to expand by 80% by FY 2029-30. This build-out translates to a multi-year domestic procurement pipeline across frigates, destroyers, submarines, and specialised auxiliary vessels, offering high-visibility growth for defence-grade domestic shipyards.
- **Capital Subsidy for Capacity Expansion:** Under the government's Shipbuilding Development Scheme (SbDS), existing shipyards are eligible for a 25% capital subsidy for brownfield expansion and infrastructure modernisation. This direct assistance drastically lowers the financial burden of scaling operations, enabling domestic yards to efficiently upgrade facilities and capture larger commercial and defence orders.
- **Transition Towards Green Shipping:** Increasing global focus on decarbonisation, alternative fuels, and compliance with evolving IMO regulations is expected to drive demand for LNG-powered, dual-fuel, hybrid, ammonia-ready, and energy-efficient vessels.
- **Emerging Opportunities in Specialised Vessels:** Growing demand for chemical tankers, offshore support vessels, dredgers, research vessels, and specialised cargo vessels is expected to create niche opportunities for technologically capable shipyards.
- **Government Policy Support and Maritime Infrastructure Push:** Policy initiatives such as Sagarmala, Maritime Amrit Kaal Vision 2047, the Shipbuilding Development Scheme (SbDS), and continued support under SBFAS are expected to strengthen India's shipbuilding ecosystem and improve competitiveness of domestic shipyards.

- **Development of Maritime Clusters and Vendor Ecosystems:** Expansion of maritime clusters, ancillary industries, and vendor ecosystems is expected to improve supply chain integration, localisation, execution efficiency, and long-term scalability for the Indian shipbuilding industry.

g. SEGMENT-WISE PERFORMANCE

The Company is a single segment Company as mentioned in Note 34 of the Standalone Financial Statments.

h. OUTLOOK:

India's renewed focus on maritime infrastructure, defence indigenisation, coastal development, and domestic manufacturing is expected to provide a strong foundation for the long-term growth of the shipbuilding and maritime industry. Government initiatives such as Maritime Amrit Kaal Vision 2047, Sagarmala, the revised Shipbuilding Financial Assistance Scheme (SBFAS 2.0), and the Shipbuilding Development Scheme (SbDS) are expected to strengthen the competitiveness of Indian shipyards and support demand across commercial, defence, and green vessel segments.

Your Company is well-positioned to capitalise on these opportunities, supported by its integrated shipyard infrastructure, available capacity, growing order book, strategic technology partnerships, and expanding execution capabilities. The Company remains focused on timely project execution and expanding its presence across commercial shipbuilding, defence, ship repair, and offshore fabrication. Your Company remains committed to creating sustainable long-term value while contributing to India's emergence as a globally competitive maritime and shipbuilding hub.

i. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

During the Fiscal Year 2025–26, the Company made significant progress in strengthening its internal financial control framework. This effort was aligned with the Company's expanding operational scale and increasing regulatory obligations and included a comprehensive review and formalisation of existing processes. The management has proactively implemented targeted process improvements, introduced system automation, and enhanced documentation practices across key functions to drive greater transparency, accountability, and risk mitigation. While further improvements are ongoing, the Internal Financial Controls in place are considered adequate and commensurate with the Company's operational activities during the year. The Company remains committed to continuously evolving its internal control systems in line with best-in-class governance standards.

j. HUMAN RESOURCES AND SKILL DEVELOPMENT:

A skilled and well-structured workforce continues to be a cornerstone of SDHI's operational readiness and long-term growth. In FY 2025–26, the Company significantly strengthened its human capital base, with over 400 in-house personnel and an additional 600+ vendor workforce deployed across critical functions such as project management, production, civil & plant maintenance, safety, quality, and support services.

The leadership team at SDHI, composed of senior professionals with over three decades of experience in shipbuilding, offshore operations, and defence readiness, has played a pivotal role in shaping the organisation's HR and talent strategy. The Company has successfully retained key technical personnel from the erstwhile shipyard while simultaneously pursuing focused hiring to fill 85+ mid-management roles, ensuring that the right expertise is available for complex project execution.

To support this growth, SDHI has initiated skill development programs in key areas such as welding, erection, profiling, and specialised shipbuilding disciplines for bulkers, passenger vessels, and chemical tankers. Additionally, over 100 Standard Operating Procedures (SOPs) are being formalised in areas like commercial operations, procurement, planning, and design to standardise workflows and enhance quality control.

Your Company remains committed to investing in workforce development and compliance, with all quality and regulatory certifications in place, ensuring that SDHI's talent ecosystem remains aligned with industry best practices and future operational demands.

k. KEY FINANCIAL RATIOS:

Sr. No.	Ratios	31.03.2026	31.03.2025	% variation	Remarks
i	Debtors Turnover	44.17	30.81	(43.46)	Variance due to milestone-based collection from Customer.
ii	Inventory Turnover	0.24	0.005	(4700)	Variance due to movement of Inventory towards work in progress of the Project and recognition of revenue from previously accumulated inventory.
iii	Interest Coverage Ratio	(12.33)	(4.65)	(165.16)	Variance due to build-up of costs during project progression.
iv	Current Ratio	4.49	5.05	11.09	Variance due to advance received from Customer towards Project.
v	Debt Equity Ratio	42.33	8.33	(408.16)	Variance due to decline in equity as a result of accumulated losses.
vi	Operating Profit Margin	(53.85)	(1386.20)	96.12	Variance due to recognition of revenue from various contracts.
vii	Net Profit Margin	(0.81)	(25.80)	96.86	Variance due to recognition of revenue from various contracts.
viii	Return on Net Worth	(1.277)	(0.474)	(169.45)	Net worth erosion due to accumulated losses.

l. PRECAUTIONARY STATEMENT:

This Report contains forward looking statements that address expectations and projections about the future, based on certain assumptions of future events. The Company's actual results, performance or achievements may, thus, differ materially from those projected in any such forward looking statements.

For and on behalf of Board of Directors

Nikhil Merchant
Chairman & Managing Director
DIN: 00614790

Paresh Merchant
Director
DIN: 00660027

Place: Mumbai
Date: 27th May, 2026

Annexure - B

REPORT ON CORPORATE GOVERNANCE

1. BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is the system by which Companies are directed and controlled by the Management in the best interest of shareholders and others, thereby ensuring greater transparency, better and timely financial reporting, generating long term economic value for its Shareholders.

The Company has incorporated sound corporate governance practices and has been following these principles over the years by placing emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your Company is tirelessly striving to achieve heights of excellence by adhering to best governance and disclosure policy as envisaged in terms of Regulation 15 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter referred to as SEBI Listing Regulations) to the extent applicable. Your Company is complying with all provisions and the details of such compliances are outlined below.

2. BOARD OF DIRECTORS:

A. Board Structure & its Meetings:

As on 31st March, 2026, the Board of Directors of the Company consists of 10 (ten) Directors, comprising 5 (five) Independent Directors (including 1 (one) Independent Woman Director), 2 (two) Executive Directors and 3 (three) Non-Executive and Non-Independent Directors. The composition of the Board, as of 31st March, 2026, is in conformity with the provisions of the Act and Regulation 17 of the SEBI Listing Regulations read with Section 149 and Section 152 of the Companies Act, 2013.

Your Company held 6 (six) Board Meetings during the year on 23rd April, 2025, 23rd May, 2025, 01st August, 2025, 12th November, 2025, 17th December, 2025 and 04th February, 2026.

The required details of the Board of Directors as on 31st March, 2026 are as under:

Name of Director	Category	No. of meetings held	No. of meetings attended	Whether attended last AGM	No. of Directorship in other Indian Public Companies(1)	No. of Board Committee positions in other Indian Public Companies(2)	
						Chairman	Member
Mr. Nikhil V. Merchant (DIN: 00614790)	Chairman & Managing Director	6	6	Yes	1	-	-
Mr. Paresh V. Merchant (DIN: 00660027)	Non-Executive & Non - Independent Director	6	6	Yes	2	-	2
Mr. Vivek Merchant (DIN: 06389079)	Non-Executive & Non - Independent Director	6	6	Yes	1	-	-
Mr. Bhavik Merchant (DIN: 06389064)	Non-Executive & Non - Independent Director	6	5	Yes	1	-	-
Mr. Arvind Morbale (DIN: 10366188)	Whole-Time Director	6	5	Yes	-	-	-
Mr. Prabhakar Patil (DIN: 00377406)	Non-Executive - Independent Director	6	6	Yes	3	2	3
^ Mr. Jayaramakrishnan Kannan (DIN:06551104)	Non-Executive - Independent Director	-	-	-	4	2	4
Mr. Arun Sinha (DIN: 00280485)	Non-Executive - Independent Director	6	4	Yes	-	-	-
Mr. Kaiyoze Billimoria (DIN: 00021204)	Non-Executive - Independent Director	6	6	Yes	-	-	-
Ms. Maya Sinha (DIN: 03056226)	Non-Executive - Independent Director	6	6	Yes	4	1	4

^ Appointed w.e.f. 31st March, 2026.

(1) Directorships in Indian Public Companies (listed and unlisted) excluding Swan Defence and Heavy Industries Limited, Section 8 companies and foreign companies.

(2) In terms of Regulation 26(1)(b) of the SEBI Listing Regulations, the disclosure includes Chairmanship / Membership of the Audit Committee and Stakeholders' Relationship Committee in other Indian Public companies (listed and unlisted) excluding Swan Defence and Heavy Industries Limited. Further, membership includes positions as Chairperson of committee.

(3) Mr. Ashishkumar Bairagra (DIN: 00049591), Non-Executive Independent Director resigned from the Directorship of the Company with effect from 20th February, 2026 . Accordingly, he had attended Board Meetings held during the part of the Financial Year for which he was on the Board. Mr. Bairagra had attended 6 (out of 6 meetings) Board Meetings during his tenure in FY 2025-26. Mr. Bairagra had also attended the 28th Annual General Meeting ("AGM") of the Company held on 24th September, 2025. Per the last disclosure received, Mr. Bairagra held Directorship in 6 (six) Indian Public Companies, excluding 3 (three) Companies which are under CIRP and 1 (one) Company which was inactive for e-filing (out of which 1 (one), excluding Swan Defence and Heavy Industries Limited, was a listed entity where he was an Independent Director). He held membership of 1 (one) Committee (1 (one) as Chairman) in such Indian Public Companies.

The details pertaining to the Directorship held by the Directors in listed Companies (other than this Company) as on 31st March, 2026 is as under:

Name of the Director	Name of the Listed Entity	Category of Directorship
Mr. Nikhil Merchant	Swan Corp Limited	Managing Director
Mr. Paresh Merchant	Swan Corp Limited	Executive Director
	Veritas (India) Limited	Managing Director
Ms. Maya Sinha	Ceinsys Tech Limited	Independent Director
	Vishnusurya Projects and Infra Limited	Independent Director
Mr. Prabhakar Patil	KHFM Hospitality and Facility Management Services Limited	Independent Director
	Swan Corp Limited	Independent Director
	Pace Digitek Limited	Independent Director
Mr. Jayaramakrishnan Kannan	Swan Corp Limited	Independent Director
	Veritas (India) Limited	Independent Director
	Methodhub Software Limited	Independent Director
	Jain Resource Recycling Limited	Independent Director

The details of relationship between Directors inter-se:

Name of the Director	Relationship with	Relationship
Mr. Nikhil Merchant	Mr. Paresh Merchant	Brother
Mr. Bhavik Merchant	Mr. Nikhil Merchant	Father
Mr. Vivek Merchant	Mr. Paresh Merchant	Father

Other than as stated above, no relationship is shared between Directors inter-se.

None of the existing Directors and Key Managerial Personnel hold any equity share in the Company. The Company has not issued any convertible instrument during the year. Further, there is no existing converible or outstanding convertible instrument that had been issued by the Company.

B. Core Skills / Expertise / Competencies available with the Board:

The eligibility of the Board members is dependent upon the following set of skills, expertise and competency they possess, as identified by the Board, so as to ensure proactive and effective contributions to the Board and its Committees.

- Industry experience, Research & Development and Innovation
- Strategic Leadership & Planning / Operational experience
- Corporate Governance, Risk and Compliance
- Financial Expertise / Regulatory / Legal & Risk Management
- Global Experience / Exposure
- Information Technology

In order to effectively discharge the duties, it is necessary that the Board collectively holds the appropriate balance of skills, expertise, experience and competencies, which the Board seeks in its members. The table below summarizes the core skills, expertise and competencies possessed by Directors of the Company.

Director skills, expertise, competencies, and attributes desirable in the Company's business and sector in which he / she functions:

Name of Directors	Areas of Skills / Expertise / Competence					
	Industry experience, Research & Development and Innovation	Strategic Leadership & Planning / Operational experience	Corporate Governance, Risk and Compliance	Financial Expertise / Regulatory / Legal & Risk Management	Global experience / exposure	Information Technology
Mr. Nikhil Merchant	✓	✓	✓	✓	✓	✓
Mr. Paresh Merchant	✓	✓	✓	✓	✓	✓
Mr. Vivek Merchant	✓	✓	✓	✓	✓	✓
Mr. Bhavik Merchant	✓	✓	✓	✓	✓	✓
Mr. Arvind Morbale	✓	✓	✓	-	✓	✓
Mr. Arun Sinha	✓	✓	✓	-	✓	✓
Mr. Kaiyoze Billimoria	-	✓	✓	✓	✓	✓
Mr. Prabhakar Patil	✓	✓	-	✓	✓	✓
Mrs. Maya Sinha	-	✓	✓	✓	✓	✓
Mr. Jayaramakrishnan Kannan	✓	✓	-	✓	✓	✓

3. Independent Directors of the Company have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that the Independent Directors fulfil the conditions as specified in the SEBI Listing Regulations and are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

During the Financial Year 2025-26, Mr. Ashishkumar Bairagra (DIN:00049591), who was appointed as an Independent Director of the Company for a tenure up to 13th December, 2028, had tendered his resignation from the position of the Independent Director of the Company with effect from the close of business hours on 20th February, 2026 prior to the expiry of his official tenure. Per resignation letter dated 20th February, 2026 as received from Mr. Ashishkumar Bairagra (DIN:00049591), the resignation was tendered on account of personal difficulty.

In accordance with Regulation 30 read with Clause 7B of Part A of Schedule III of the SEBI Listing Regulations, Mr. Bairagra has provided a formal confirmation stating that there were no material reasons for his resignation other than those mentioned above. Disclosure in relation to his Directorships and Committee Memberships have been stated separately in this Report.

During the year under review, the Independent Directors met on 4th February, 2026, inter-alia, to discuss:

- Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;

- Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- In addition to the aforesaid, evaluation of Independent Directors has been carried out by the entire Board of Directors, excluding the respective Director being evaluated, considering their performance and fulfilment of independence criteria as specified under the SEBI Listing Regulations and their independence from management. The performance evaluation findings have been reported to the Board. The Nomination and Remuneration Committee had also overviewed the process of evaluation, stated above.

  The Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 issued a guidance note on Board Evaluation in order to guide listed entities by elaborating various aspects of Board Evaluation that may help to improve the evaluation process, derive the best possible benefits and achieve the objective of the entire evaluation process. The existing Board Evaluation and Diversity Policy of the Company has been voluntarily modified by including suitable points as suggested by SEBI in the aforesaid circular and the same has been adopted by the Board of Directors to bring in transparency in the evaluation process.

The Policy referred above inter-alia contains evaluation criteria for the Directors including Independent Directors, procedure for determination and review of remuneration of Directors, Key Managerial Personnel and other employees, etc. The policy for Board Evaluation may be referred to, at the official website of the Company at the weblink https://sdhi.co.in/wp-content/uploads/2026/05/SDHI-Performance-Evaluation-.pdf.

FAMILIARISATION PROGRAMME:

The Independent Directors of the Company are the individuals having experience and expertise being leaders in their respective fields. Similarly, other Non-Executive Directors also have considerable experience in their respective fields. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, strategy and risk involved, etc. so that they are updated on the business model, the risk profile of the business of the Company and also their roles and responsibilities as Directors of the Company.

The details pertaining to the familiarisation program can be accessed at the Company's weblink at https://sdhi.co.in/wp-content/uploads/2026/05/Familiarisation_programme_for_Independent_Directors-FY25-26.pdf

4. DIRECTORS AND OFFICERS INSURANCE:

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has in place a Directors and Officers Liability Insurance Policy.

5. BOARD-LEVEL COMMITTEES:

The Company has four Board Level Committees namely,

A. Audit Committee,

B. Nomination and Remuneration Committee,

C. Stakeholders Relationship Committee, and

D. Risk Management Committee.

A. Audit Committee

As on 31st March, 2026, the Audit Committee of the Board of Directors of the Company consists of 3 (three) Directors, including 2 (two) Independent Directors and 1 (one) Non-Executive Director viz., Mr. Kaiyoze Billimoria as Chairman, and Mr. Prabhakar Patil and Mr. Paresh Merchant as Members.

The composition, name of the Members and Chairman of the Committee as on the date of this Report is as under:

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Kaiyoze Billimoria	Chairman	Non-Executive & Independent Director
2.	Mr. Prabhakar Patil	Member	Non-Executive & Independent Director
3.	Mr. Paresh Merchant	Member	Non-Executive & Non-Independent Director

Note: Mr. Ashishkumar Bairagra, Member of the Committee, resigned as a Non-Executive Independent Director w.e.f. 20th February, 2026.

The Committee met 5 (Five) times during the year under review on 23rd May, 2025, 01st August, 2025, 12th November, 2025, 17th December, 2025 and 04th February, 2026. The Audit Committee, *inter-alia*, held discussions with the Statutory Auditors on the "Limited Review" of the quarterly, half-yearly & final accounts and matters relating to compliance of accounting standards, their observations arising from the annual audit of the accounts of the Company and other related matters.

The details of Audit Committee Meeting and Attendance of Directors during the year under review, is as under:

Sr. No.	Date of Meeting	Mr. Kaiyoze Billimoria	Mr. Ashishkumar Bairagra#	Mr. Paresh Merchant	Mr. Prabhakar Patil
1.	23rd May, 2025	Y	Y	Y	Y
2.	01st August, 2025	Y	Y	Y	Y
3.	12th November, 2025	Y	Y	Y	Y
4.	17th December, 2025	Y	Y	Y	Y
5.	04th February, 2026	Y	Y	Y	Y

(Y- Attended, N- Not Attended, NA-Not Applicable)

#Resigned from the Committee w.e.f. 20th February, 2026.

The Company Secretary acts as Secretary to the Audit Committee.

All the members of the Audit Committee possess requisite qualifications. The representatives of Statutory Auditors are permanent invitees to the Audit Committee meetings held quarterly, to approve the Financial Results. The Executives from Accounts department, Finance department, Corporate Secretarial department and Internal Audit department attend the Audit Committee meetings.

The Chairman of the Audit Committee, Mr. Kaiyoze Billimoria was present at the 28th Annual General Meeting ("AGM") of the Company to answer shareholder queries.

The scope of the activities of the Audit Committee is as set out in Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Companies Act, 2013.

Brief description of terms of reference of the Audit Committee include:

1. Examination of the Financial Statements and the Auditors' Report thereon.
2. Monitoring the end use of funds raised through public offers and related matters.
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible.
4. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
5. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
6. Reviewing, with the management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

b) Changes, if any, in accounting policies and practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgment by management.

d) Significant adjustments made in the Financial Statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to Financial Statements.

f) Disclosure of any related party transactions.

g) Qualifications in the draft Audit Report.

7. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
8. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. Reviewing and monitoring the Auditors' independence and performance, and effectiveness of audit process.
10. Approval or any subsequent modification of transactions of the Company with related parties.
11. Scrutiny of inter-corporate loans and investments.
12. Valuation of undertakings or assets of the Company, wherever it is necessary.
13. Evaluation of Internal Financial Controls and Risk Management Systems.
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
16. Discussion with internal auditors of any significant findings and follow up thereon.
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
18. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
20. To review the functioning of the whistle blower mechanism.
21. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
23. Reviewing the utilisation of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its shareholders.
25. The Audit Committee shall mandatorily review the following information:
    i) Management discussion and analysis of financial condition and results of operations;
    ii) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
    iii) Internal audit reports relating to internal control weaknesses; and
    iv) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
    v) Statement of deviations:
        a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (LODR) Regulations, 2015.
        b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the SEBI (LODR) Regulations, 2015.

B. Nomination and Remuneration Committee:

As on 31st March, 2026, the Nomination and Remuneration Committee comprises 2 (two) Independent and 1 (one) Non - Executive Director viz., Ms. Maya Sinha as Chairperson, and Mr. Kaiyoze Billimoria and Mr. Paresh Merchant as Members. The terms of reference of the Committee, inter-alia, consists of recommendation for appointment / re-appointment of Managing Director, Executive / Whole-Time Director(s) and Senior Executives and review of terms of appointment and succession planning of the Board of Directors and Senior Management Employees.

The composition, name of the Members and Chairperson of the Committee as on the date of this Report is as under:

Sr. No.	Name of the Member	Designation	Category
1.	Ms. Maya Sinha	Chairperson	Non-Executive & Independent Director
2.	Mr. Kaiyoze Billimoria	Member	Non-Executive & Independent Director
3.	Mr. Paresh Merchant	Member	Non-Executive & Non-Independent Director

During the Financial Year under review, the Nomination and Remuneration Committee met twice on 17th December, 2025 and 04th February, 2026.

The details of the Nomination and Remuneration Committee Meeting and Attendance of Directors during the year under review, is as under:

Sr. No.	Date of Meeting	Ms. Maya Sinha	Mr. Kaiyoze Billimoria	Mr. Paresh Merchant
1.	17th December, 2025	Y	Y	Y
2.	04th February, 2026	Y	Y	Y

(Y-Attended, N-Not Attended, NA-Not Applicable)

Brief description of terms of reference of the Nomination and Remuneration Committee include:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of evaluation, prepare a description of role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purposes of identifying suitable candidates, the Committee may:

   i. Use the services of external agencies, if required;

   ii. Consider candidates from a wide range of backgrounds, having due regard to diversity; and

   iii. Consider the time commitments of the candidate.

3. To lay down / formulate the evaluation criteria for performance evaluation of Independent Directors and the Board of Directors.

4. To devise a policy on Board diversity.

5. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and to specify the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors to be carried out by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

6. To recommend to the Board, whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

7. To recommend to the Board, all remuneration payable to Senior Management. (i.e. members of the core management team, i.e. members one level below the Chief Executive Officer / Managing Director / Whole-Time Director) and shall specifically include Company Secretary, Chief Financial Officer and Functional Heads.

8. While formulating the Nomination Remuneration Policy, to ensure that:

   a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

   b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

9. To take into account financial position of the Company, trends in the industry, appointee's qualifications, experience, past performance, past remuneration, etc., and bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders while approving the remuneration payable to the Managing Director, Whole-Time Director or Manager.

10. To review and approve the remuneration and change in remuneration payable to Whole-Time Director(s).

For Performance Evaluation Criteria for Independent Directors, please refer Para 3 of this Report.

C. Stakeholders' Relationship Committee:

As on 31st March, 2026, the Stakeholders' Relationship Committee, had Mr. Paresh Merchant as Chairman, and Mr. Vivek Merchant and Mr. Prabhakar Patil as Members for redressing shareholders and investors' complaints.

The composition, name of the Members and Chairman of the Committee as on the date of this Report, is as under:

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Paresh Merchant	Chairperson	Non-Executive & Non-Independent Director
2.	Mr. Vivek Merchant	Member	Non-Executive & Non-Independent Director
3.	Mr. Prabhakar Patil	Member	Non-Executive & Independent Director

During the financial year under review, the Stakeholders' Relationship Committee met once on 04th February, 2026.

The details of Stakeholders' Relationship Committee Meeting and Attendance of Directors during the year under review, is as under:

Sr. No.	Date of Meeting	Mr. Paresh Merchant	Mr. Vivek Merchant	Mr. Prabhakar Patil
1.	04th February, 2026	Y	Y	Y

(Y- Attended, N- Not Attended, NA-Not Applicable)

The Names of the Compliance Officer are as under:

Sr. No.	Name of the Official	Designation
1.	Ms. Priti P. Dave	Company Secretary & Compliance Officer w.e.f. 17th December, 2025
2.	Mr. Vishant Shetty	Company Secretary & Compliance Officer upto 22nd June, 2025

During the year, the Company has received 42 (Forty-Two) complaints from shareholders and no complaint was pending as on 31st March, 2026. All of them were duly resolved / replied.

The Company has designated an exclusive email ID for the convenience of investors, i.e., sdhi.investors@swan.co.in.

The Company's website, i.e., www.sdhi.co.in is updated with the quarterly information submitted to the Stock Exchanges and other relevant information.

Brief description of terms of reference of the Stakeholders' Relationship Committee include:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings, etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar to an Issue & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.
5. Resolving grievances of debenture holders related to creation of charge, payment of interest / principal, maintenance of security cover and any other covenants.

D. Risk Management Committee:

Based on its market capitalization, Swan Defence and Heavy Industries Limited was included among the top 1,000 listed entities on BSE Limited and National Stock Exchange of India Limited as of 31st December, 2025. Consequently, the Board of Directors constituted the Risk Management Committee on 4th February, 2026, in compliance with the applicable regulatory requirements. The Risk Management Committee comprises a majority of members from the Board of Directors and includes members of the Company's Senior Management, ensuring effective oversight and implementation of the Company's risk management framework.

As on 31st March, 2026, the Risk Management Committee comprises Mr. Kaiyoze Billimoria as Chairman, and Mr. Paresh Merchant and Mr. Rajesh Bhardwaj as Members, to formulate, monitor and review Risk Management Policy and Plan, *inter alia* covering investment of surplus funds, management of cyber security risks, data privacy risks and intellectual property infringement risks.

The composition, name of the Members and Chairman as on date of this Report, is as under:

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Kaiyoze Billimoria	Chairman	Non-Executive & Independent Director
2.	Mr. Paresh Merchant	Member	Non-Executive & Non - Independent Director
3.	Mr. Rajesh Bhardwaj	Member	Chief Financial Officer

Notes: 1. Mr. Ashishkumar Bairagra, Chairman of the Committee, resigned as a Non-Executive Independent Director w.e.f. 20th February, 2026.
2. Mr. Kaiyoze Billimoria was appointed as the Chairman of the Committee w.e.f 20th February, 2026.
3. Mr. Rajesh Bhardwaj, Chief Financial Officer, ceased to be a Member of the Committee w.e.f. 27th May, 2026.
4. Mr. Jignesh Shah, Chief Financial Officer, was appointed as a Member of the Committee w.e.f. 28th May, 2026.

During the financial year under review, the Risk Management Committee met once on 31st Mach, 2026.

The details of Risk Management Committee Meeting and Attendance of Directors during the year under review, is as under:

Sr. No.	Date of Meeting	Mr. Kaiyoze Billimoria	Mr. Paresh Merchant	Mr. Rajesh Bhardwaj	Mr. Ashishkumar Bairagra#
1.	31st March, 2026	Y	Y	Y	NA

(Y- Attended, N- Not Attended, NA-Not Applicable)

#resigned w.e.f. 20th February, 2026.

Ms. Priti P. Dave was appointed as the Chief Risk Officer of the Company w.e.f. 4th February, 2026.

The Company has in place a mechanism to inform Board Members about the risk assessment and minimisation procedures and review to ensure that executive management controls risk by means of a properly defined framework. The Company has formulated a policy on Risk Management and constituted a Risk Management Committee.

The terms of reference and role of the Risk Management Committee are as per the provisions of Regulation 21 of the SEBI Listing Regulations which includes formulating the criteria to:

1. Formulate a detailed Risk Management Policy which shall include:
    a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks, or any other risk as may be determined by the Committee.
    b) Measures for risk mitigation including systems and processes for internal control of identified risks.
    c) Business continuity plan.
2. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

3. Monitor and oversee the implementation of the Risk Management Policy, including evaluating the adequacy of Risk Management Systems.
4. Periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
5. Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

6(a) CODE OF CONDUCT:

The Board of Directors have laid down a Code of Conduct for all Members of the Board of Directors and Senior Management of the Company. The same inter-alia also contains duties of Independent Directors as laid down under the Companies Act, 2013. The Code of Conduct may be referred to at the official website of the Company at the weblink https://sdhi.co.in/wp-content/uploads/2026/05/Code-of-Conduct-for-Directors.pdf. The certificate regarding compliance with the Code of Conduct is given separately as Annexure B-1.

6(b) SENIOR MANAGEMENT:

The Company has a proper system in place to ensure smooth transitions in leadership, including for our Directors, Executive Directors, and Senior Management Team. In evaluating succession, the Committee considers factors such as strategic direction, tenure and retirement timelines, and the evolving business environment with the overarching objective of ensuring continuity and smooth transitions. Beside succession planning of the Board, the Nomination and Remuneration Committee also reviews and oversees succession planning of Senior Management positions. Additionally, the Company regularly reviews talents for Senior Management and other executives.

Particulars of Senior Management Personnel as on 31st March, 2026 and changes since the close of previous year were as under:

Sr. No.	Name of the Senior Management Personnel	Designation	Changes, if any during 2025-26	Nature of change and effective date
1.	Mr. Vipin Kumar Saxena	Chief Executive officer	None	N.A.
2.	Mr. Jignesh Shah	Chief Financial Officer	Yes	Designated with effect from 28th May, 2026
3.	Ms. Priti P. Dave	Company Secretary	Yes	Designated with effect from 17th December, 2025
Separations in the nature of resignations during the year:				
1.	Mr. Rajesh Bhardwaj	Chief Financial Officer	Yes	Re-designated as Dy. Chief Financial Officer with effect from 27th May, 2026.
2.	Mr. Vishant Shetty	Company Secretary	Yes	Resigned with effect from 22nd June, 2025

The Senior Management of the Company has made disclosures, for the Financial Year 2025-26, to the Board confirming that there are no material financial and commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

Further, the Company has also received declarations from its Senior Management Personnel affirming compliance with the Code of Conduct of Board of Directors and Senior Management. A declaration to this effect by the Managing Director forms a part of the Annual Report.

7. BOARD EVALUATION:

The Board has carried out an evaluation of the effectiveness of its functioning, that of the Committees and of individual Directors, pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

Feedback from Directors was sought on various parameters which inter-alia included the following:

- Structure, composition and role clarity of the Board and Committees.
- Effectiveness of the deliberations and process management and working procedures.
- Board / Committee competency, diversity, culture and dynamics.
- Board effectiveness, ethics and quality of relationship between Board Members and the Management.
- Degree of fulfilment of key responsibilities towards stakeholders (by way of monitoring corporate governance practices, participation in the long-term strategic planning, etc.)
- Extent of co-ordination and cohesiveness between the Board and its Committees.
- Quality of relationship between Board Members and the Management.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Chairman of the Board had a meeting with the Independent Directors, and the Chairman of the Nomination and Remuneration Committee had meeting(s) with the Executive and Non - Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of the Board / Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting held on 04th February, 2026 reviewed the performance of the Non-Independent Directors, the Board as a whole and Chairman of the Board after taking into account views of the Executive Directors and other Non-Executive Directors. The said Meeting was attended by all Independent Directors.

8. SHARES HELD AND REMUNERATION PAID TO THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2026:

Name of Directors	Category	No. of Shares held	Salary / Sitting Fees (₹ In lakhs)	Commission (₹ In lakhs)	Perquisites (₹ In lakhs)	Provident Fund (₹ In lakhs)	Total (₹ In lakhs)
Mr. Nikhil Merchant	Chairman & Managing Director	-	-	-	-	-	-
Mr. Arun Sinha	Non-Executive & Independent Director	-	4.00	-	-	-	4.00
Mr. Kaiyoze Billimoria	Non-Executive & Independent Director	-	10.00	-	-	-	10.00
#Mr. Ashishkumar Bairagra	Non-Executive & Independent Director	-	8.50	-	-	-	8.50
Ms. Maya Sinha	Non-Executive & Independent Director	-	7.00	-	-	-	7.00
Mr. Prabhakar Patil	Non-Executive & Independent Director	-	9.00	-	-	-	9.00
Mr. Paresh Merchant	Non-Executive & Non-Independent Director	-	-	-	-	-	-
Mr. Vivek Merchant	Non-Executive & Non-Independent Director	-	-	-	-	-	-

Name of Directors	Category	No. of Shares held	Salary / Sitting Fees (₹ In lakhs)	Commission (₹ In lakhs)	Perquisites (₹ In lakhs)	Provident Fund (₹ In lakhs)	Total (₹ In lakhs)
Mr. Bhavik Merchant	Non-Executive & Non-Independent Director	-	-	-	-	-	-
Mr. Arvind Morbale	Non-Executive & Non-Independent Director	-	84.57	-	-	-	84.57
^ Mr. Jayaramakrishnan Kannan	Non-Executive & Independent Director	-	-	-	-	-	-

#resigned w.e.f. 20th February, 2026
^appointed w.e.f. 31st March, 2026.

During the year, there were no other pecuniary relationships or transactions of Non-Executive Directors with the Company. This may be deemed to be the disclosure as required under Regulation 17(6)(ca) of the SEBI Listing Regulations. The criteria of making payments to the Directors including Executive and Non-Executive Directors and Key Managerial Personnel forms a part of the Nomination and Remuneration Policy, as adopted by the Board. The same is available at the website of the Company at the weblink https://sdhi.co.in/wp-content/uploads/2026/05/NRC-Policy-Oct2024.pdf. During 2025-26, no Non-Executive Director has been paid remuneration exceeding the ceiling stated under Regulation 17(6)(ca) of the SEBI Listing Regulations.

The Company does not have any stock options plan, service contracts and severance fees for Non-Executive Directors including Independant Directors. The tenure of appointment of Independent Directors are recommended by the Nomination and Remuneration Committee which is approved by the Board and subsequently sanctioned by the shareholders. For Whole-Time Directors, please refer to Note No. 29.

9. GENERAL BODY MEETINGS:

Date, time and venue where last three Annual General Meetings of the Company were held and details of Special Resolutions passed therein are as under:

Financial Year ended	Date	Time	Venue / Mode	Special Resolution
31st March, 2025	24th September, 2025	11:30 A.M.	Through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) (Deemed Venue: Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli - 365560, Gujarat)	Alteration of Articles of Association of the Company
31st March, 2024	27th December, 2024	1:00 P.M.	Through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) (Deemed Venue: Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli - 365560, Gujarat)	No Special Resolution was passed
31st March, 2023	27th December, 2024	11.30 A.M.	Through Video Conferencing (VC) or Other Audio- Visual Means (OAVM) (Deemed Venue: Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli - 365560, Gujarat)	No Special Resolution was passed

Extra Ordinary General Meeting:

During the year under review, no Extra Ordinary General Meeting was held and convened.

Postal Ballot:

No postal ballot was conducted during the year under review.

Details of special resolution proposed to be conducted through Postal Ballot:

None of the businesses proposed to be transacted at the ensuing Annual General Meeting, scheduled to be held on 2nd September, 2026 ("AGM"), requires passing of a Special Resolution through Postal Ballot.

10. MEANS OF COMMUNICATION:

Sr. No.	Particulars	Details
1.	Quarterly Results	The Quarterly Financial Results are promptly forwarded to both Stock Exchanges where the securities of the Company are listed. Also, it is published within 48 hours in the newspapers. The Company generally selects widely circulated newspapers like Financial Express (English and Gujarati Editions). It is also available on the website of the Company under Shareholders' Information section at https://sdhi.co.in/investor-relations/?category=shareholders-information&tab=exchange-submission-disclosures.
2.	Newspapers wherein Results are normally published	The Company generally selects widely circulated newspapers like Financial Express (English and Gujarati Editions).
3.	Website	www.sdhi.co.in.
4.	Webcast of Proceedings	The webcast of the proceedings of the AGMs are hosted on the website of the Company for the information of shareholders at large.

The Company's website (www.sdhi.co.in.) contains a separate dedicated section 'Investor Relations' where shareholder's information is available. The website also displays official new releases, as and when the same takes place. Corporate presentations are available at the website at https://sdhi.co.in/wp-content/uploads/2026/05/SDHIL_Corporate_Presentation.pdf. The same are referred in various corporate meetings which inter alia included meeting with the investors, including institutional investors and analysts.

11. GENERAL SHAREHOLDER INFORMATION:

a)	**Annual General Meeting:**	
	Day, Date	Wednesday, 2nd September, 2026
	Time	11:30 A.M.
	Venue	Through Video Conferencing / Other Audio Visual Means (Deemed: Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli - 365560, Gujarat)
b)	**Financial Calendar:**	
	Financial Year	Begins on 1st April and ends on 31st March of the following year.
	Financial Reporting for:	
	Quarter ending 30th June, 2026	By 14th August, 2026

	Quarter ending 30th September, 2026	By 14th November, 2026
	Quarter ending 31st December, 2026	By 14th February, 2027
	Quarter ending 31st March, 2027	By 30th May, 2027
	Annual General Meeting for the year ended 31st March, 2027	By 30th September, 2027
c)	**Dates of Book Closure**	Thursday, 27th August, 2026 to Wednesday, 2nd September, 2026 (both days inclusive)
d)	**Dividend Payment Date**	No dividend is recommended by the Board of Directors for the Financial Year ended 31st March, 2026
e)	**Listing on Stock Exchanges at**	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Stock Code: 533107
		National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Stock Code: SWANDEF Demat ISIN Number: INE542F01020 Listing fees for the Financial Year 2026-27 have been paid to both stock exchanges.
f)	**Name, designation & address of Compliance Officer**	Ms. Priti P. Dave Company Secretary and Compliance Officer Uttam House, 3rd Floor, Plot No. 69, P D'Mello Road, Carnac Bunder, Mumbai – 400 009 Tel.: 022 40587300 Email: sdhi.investors@swan.co.in

12. REGISTRAR AND SHARE TRANSFER AGENT:

KFin Technologies Limited, Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda Hyderabad, Telangana- 500 032. Tel: +91 40 7961 5565; Email: einward.ris@kfintech.com; Website: https://www.kfintech.com/

13. SHARE TRANSFER SYSTEM:

The Company has a Board-level Stakeholder's Relationship Committee to examine and redress investors' complaints. The Shares of your Company are traded on the Stock Exchanges compulsorily in dematerialized mode All the equity shares of the Company are held in dematerialised form. The dematerialized shares are transferred directly to the beneficiaries by the depositories. Transfer of shares in physical form is not permitted as per applicable SEBI circulars.

14. DISTRIBUTION OF SHAREHOLDING AS OF 31ST MARCH, 2026:

Number of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares held
1 to 500	87,349	99.57	11,67,899	2.22
501 to 1000	198	0.23	1,37,395	0.26
1001 to 2000	82	0.09	1,14,596	0.22
2001 to 3000	32	0.04	76,719	0.15
3001 to 4000	10	0.01	33,865	0.06
4001 to 5000	14	0.01	65,661	0.12
5001 to 10000	14	0.01	1,03,362	0.20
10001 and above	31	0.04	5,09,82,653	96.77
Total	**87,730**	**100.00**	**5,26,82,150**	**100.00**

15. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2026:

Sr. No.	Particulars	Holdings / Shares held	% to Capital
1.	Promoter / Promoter Group	4,73,61,253	89.90
2.	Mutual Funds	8,75,763	1.66
3.	Alternate Investment Funds	5,500	0.01
4.	Insurance Companies	2,02,603	0.38
5.	NBFCs registered with RBI	14	0.00
6.	Foreign Portfolio Investors (Corporate)	3,18,739	0.61
7.	Resident Individuals	19,48,182	3.70
8.	Non-Resident Individuals	55,592	0.11
9.	Bodies Corporate	18,18,873	3.45
10.	Clearing Members	25	0.00
11.	HUF	94,387	0.18
12.	Trusts	12	0.00
13.	Unclaimed or Suspense or Escrow Account	1,207	0.00
	Total	**5,26,82,150**	**100.00**

16. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company's shares are traded compulsorily in dematerialized form on BSE Limited and the National Stock Exchange of India Limited. 100% of the Equity Shares of your Company have been dematerialized as on 31st March, 2026.

The breakup is as under:

Mode of holding	No. of Equity Shares	% of Total shares
a) Shares held in dematerialised mode		
i) NSDL	5,03,46,603	95.57%
ii) CDSL	23,35,547	4.43%
b) Shares held in physical mode	0	0.00%
Total	**5,26,82,150**	**100.00%**

17. ADDRESS OF CORRESPONDENCE:

The shareholders may send their communications, queries, suggestions and grievances at the following address:

Ms. Priti P. Dave	KFin Technologies Limited
Company Secretary & Compliance Officer Uttam House, 3rd Floor, Plot No. 69, P D'Mello Road, Carnac Bunder, Mumbai - 400009 Email: sdhi.investors@swan.co.in Contact No: +91 - 22 - 40587300	**Registrar and Share Transfer Agent** Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda Hyderabad, Telangana - 500 032. Email: einward.ris@kfintech.com Contact No: +91 40 7961 5565

18. PLANT LOCATION:

The Company's plant is located at Pipavav Port, Post Ucchaiya, Via Rajula, Amreli, Gujarat - 365560

19. CREDIT RATINGS:

During the financial year under review, the Company has not obtained any credit rating from accredited credit rating agencies.

20. OTHER DISCLOSURES:

(i) All related party transactions as entered during the Financial Year 2025-26 were on an arm's length basis and have been entered into in the ordinary course of business after approval of the Audit Committee and the Shareholders of the Company, wherever necessary. There were no material individual transactions with related parties which may have potential conflict with the interest of the Company at large. The details of the transactions with the related parties are disclosed in the Financial Statements.

(ii) **Compliance:**

During the last three years, the Stock Exchanges have levied fine / penalties on the Company for certain non-compliances of the SEBI Listing Regulations as follows:

Sr. No.	Financial Year	Fine Levied
1.	2023-24	₹ 53,59,560/-
2.	2024-25	₹ 2,36,46,624/-
3.	2025-26	₹ 66,57,560/-

The Company had submitted Waiver applications to the Stock Exchanges for fines levied during FY 2023-24 in respect of certain non-compliances, pursuant to which waiver was received to the extent considered appropriate.

(iii) The Company has in place a Whistle Blower Policy, under which Directors and employees are provided an opportunity to disclose any matter of genuine concern in prescribed manner. The policy may be referred to at the official website of the Company, at the weblink https://sdhi.co.in/wp-content/uploads/2026/05/SDHI-whistle-blower-policy.pdf. No personnel has been denied access to the Audit Committee to lodge their grievances.

(iv) **Web-links for Policies**

(a) Related Party Transactions Policy

https://sdhi.co.in/wp-content/uploads/2026/05/SDHI_Related-Party-Transactions-Policy.pdf.

(b) Whistle Blower Policy

https://sdhi.co.in/wp-content/uploads/2026/05/SDHI-whistle-blower-policy.pdf

(v) The Company has a well-defined Anti-Bribery and Anti-Corruption Policy in place. The same is available at https://sdhi.co.in/investor-relations/?category=shareholders-information&tab=corporate-policies. The

Company adopts a zero-tolerance approach towards all forms of bribery and corruption, whether in dealings with public officials or private individuals and irrespective of whether the acts are committed directly or indirectly. It outlines strict prohibitions against offering or accepting bribes, facilitation payments or kickbacks.

(vi) All mandatory Accounting Standards have been followed in preparation of the Financial Statements.

(vii) During the financial year ended 31st March, 2026, the Company did not undertake any export transactions and, accordingly, was not exposed to Foreign Currency risk and thus, the Company has not undertaken any Hedging. Further, based on the Product line of the Company, there is no feasibility for Commodity Hedging for principal Raw Material required by the Company.

(viii) During the year, the Company has complied with the mandatory requirements as stipulated in the SEBI Listing Regulations. The Company has not adopted the discretionary requirements given under Schedule II Part E of the SEBI Listing Regulations.

(ix) There were no material, financial and commercial transactions by Senior Management, as defined in Regulation 26 of the SEBI Listing Regulations, where they have any personal interest that may have a potential conflict with the interests of the Company at large, requiring disclosures by them to the Board of Directors of the Company.

(x) As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments.

(xi) The Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement. Hence, the disclosure of details of utilization of the fund as specified under Regulation 32(7A) of the SEBI Listing Regulations is not applicable.

(xii) The Board confirms that during the Financial Year 2025-26, it has accepted all the recommendations received from its mandatory committees.

(xiii) **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount'.**

During the year under review, the Company has not granted any loans, secured or unsecured, to companies / firms in which its Directors are interested.

(xiv) **Disclosure of certain types of agreement binding the Company (Clause 5A of Paragraph A of Part A of Schedule III of SEBI (LODR) Regulations, 2015):**

There are no agreements impacting management or control of the Company or imposing any restriction or creating any liability upon the Company.

(xv) **SEBI Complaints Redressal System (SCORES):**

Investor complaints are processed at Securities and Exchange Board of India ("SEBI") in a centralised web-based complaints redressal system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports by the companies and online viewing by investors of actions taken on the complaints and their current status.

(xvi) **Online Dispute Resolution:**

SEBI vide its Circular dated 31st July, 2023 issued guidelines for members to resolve their grievances by way of Online Dispute Resolution ("ODR") through a common ODR portal. If the grievance is not redressed satisfactorily by the Registrar and Transfer Agent viz., KFin Technologies Limited, the member may escalate the same through:

i) SCORES Portal in accordance with the SCORES guidelines, and

ii) if the member is not satisfied with the outcome, dispute resolution can be initiated through the ODR Portal at https://smartodr.in/login.

21. CEO / CFO CERTIFICATION:

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and matters related to internal controls, etc. in the prescribed format for the year ended 31st March, 2026, and accordingly the same forms a part of this Report.

22. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE:

M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretary, has issued a certificate, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI / Ministry of Corporate Affairs or any such statutory authority, and accordingly the same forms a part of this Report.

23. CERTIFICATE ON CORPORATE GOVERNANCE:

The Compliance Certificate received from M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretary, regarding compliance with corporate governance requirements is annexed at the end of this Report.

24. TOTAL FEES PAID TO STATUTORY AUDITORS:

Total fees for all services paid by the Company to M/s. N. N. Jambusaria & Co., Chartered Accountants, the Statutory Auditor of the Company for the year ended 31st March, 2026, is as follows:

(₹ In lakhs)

Particulars	Amount
Fees for statutory audit	16.30
Fees for certification charges	0.38
Total	**16.68**

No fees was paid by the Company, on a consolidated basis, to the Statutory Auditor and to all the entities in the network firm / network entity of which the Statutory Auditor is a part.

25. DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company is committed to provide a work environment which ensures that every employee is treated with dignity, respect and afforded equal treatment. Training / awareness programmes are conducted throughout the year to create sensitivity towards ensuring respectable workplace. During the year under review, no complaints were filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

26. EQUITY SHARES IN THE SUSPENSE ACCOUNT:

In accordance with the requirement of the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholder(s) and the outstanding shares in the suspense account lying as on 1st April, 2025	255	1,388
No. of shareholder(s) who approached the Company for transfer of shares from suspense account during the year	1	181
No. of shareholders to whom shares were transferred from the suspense account during the year	1	181
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2026	254	1,207

The voting rights on shares in the suspense account shall remain frozen till the rightful owners claim the shares.

27. DISCLOSURES OF THE MATERIAL SUBSIDIARIES:

There are no material subsidiaries of the Company.

28. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The Board hereby confirms that it has complied with all the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations.

29. DISCLOSURES UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013:

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors paid during the year;

- Requisite details are furnished under the Annual Return, which is placed on the website of the Company, i.e., www.sdhi.co.in. Details relating to the same has also been included in Note No. 8 of this Report.

(ii) Details of fixed component and performance linked incentives along with the performance criteria;

- Details on Directors' Remuneration have been provided under Note No. 8 of this report. The prevailing remuneration structure does not include any 'performance linked incentive'.

(iii) Service contracts, notice period, severance fees;

- The tenure of office of Whole-Time Director are as under:

  (a) Mr. Nikhil V. Merchant upto 12th February, 2027

  (b) Mr. Arvind Morbale upto 13th December, 2026

  Others are as may be mutually decided by the Board.

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

- Not applicable

For and on behalf of Board of Directors

Nikhil Merchant
Chairman & Managing Director
DIN: 00614790

Paresh Merchant
Director
DIN: 00660027

Place: Mumbai
Date: 27th May, 2026

Annexure B-1

DECLARATION BY THE MANAGING DIRECTOR

[Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Based on individual confirmations as have been received, I, Nikhil Merchant, Managing Director of the Company, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, of the Company for the Financial Year 2025-26 and have also affirmed compliance with the provisions relating to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended and in force as on the date of this Certificate.

To the best of my knowledge, there is no material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Conflict of Interest in this regard relates to dealing in shares of the Company, commercial dealings with bodies, which have shareholding of management and their relatives, etc.

Further, during the Financial Year 2025-26 or anytime during preceding 3 (three) years, they have not entered into any agreement for themselves or on behalf of any other person with any shareholder or any third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

For and on behalf of Board of Directors

Nikhil V. Merchant
Managing Director
DIN: 00614790

Place: Mumbai
Date: 27th May, 2026

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

To,
The Members of
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

We have examined the compliance of conditions of corporate governance by **SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED ("the Company")** for the year ended March 31, 2026, as prescribed in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

We state that Compliance of the conditions of Corporate Governance is the responsibility of the Management and our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI Listing Regulations.

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

For DM & Associates Company Secretaries LLP
Company Secretaries

Savyasachi Joshi
Partner
FCS No. 12752
CP No. 15666
UDIN: F012752H000502307
P.R. Certificate No.: 6584/2025

Place: Mumbai
Date : May 27, 2026

CEO-CFO CERTIFICATE

[Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]
For the Financial Year ended 31st March, 2026

To The Board of Directors
Swan Defence and Heavy Industries Limited
(formerly known as Reliance Naval and Engineering Limited)
Mumbai

Dear Sirs/Madam,

We, Vipin Kumar Saxena, Chief Executive Officer and Rajesh Bhardwai, Chief Financial Officer of Swan Defence and Heavy Industries Limited, to the best of our knowledge, explanation given and belief, hereby certify that:

A. We have reviewed the financial statements and the cash flow statement for the Financial Year ended 31st March, 2026 and that to the best of our knowledge and belief:

   (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year 2025-26 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) that we are not aware of any instances during the year of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai	**Vipin Kumar Saxena**	**Rajesh Bhardwaj**
Date: 27th May, 2026	**Chief Executive Officer**	**Chief Finance Officer**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED** having CIN: L35110GJ1997PLC033193 and having its Registered Office at Pipavav Port, Post Ucchaiya, Via Rajula, Amreli, Gujarat, 365560 (hereinafter referred to as 'the Company') and also the information provided to us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	NIKHIL VASANTLAL MERCHANT	00614790	08/12/2023
2.	PARESH VASANTLAL MERCHANT	00660027	08/12/2023
3.	BHAVIK NIKHIL MERCHANT	06389064	08/12/2023
4.	VIVEK PARESH MERCHANT	06389079	08/12/2023
5.	KAIYOZE BEJI BILLIMORIA	00021204	14/12/2023
6.	ARUN SINHA	00280485	14/12/2023
7.	PRABHAKAR REDDY PATIL	00377406	16/12/2023
8.	MAYA SWAMINATHAN SINHA	03056226	14/12/2023
9.	ARVIND JAYASING MORBALE	10366188	14/12/2023
10.	ASHISHKUMAR BAIRAGRA	00049591	14/12/2023*
11.	JAYARAMAKRISHNAN KANNAN	06551104	31/03/2026

* Resigned as an Independent Director of the Company w.e.f. 20th February, 2026.

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

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code : L2017MH003500

Savyasachi Joshi
Partner
Membership No.: FCS 12752
CP No.: 15666
UDIN: F012752H000502274
P.R. Certificate No.: 6584/2025

Place: Mumbai
Date : May 27, 2026

Annexure - C

Information pursuant to Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

A) Conservation of Energy and Technology Absorption:

During FY 2025–26, the Company continued to focus on improving energy efficiency through modernization of electrical infrastructure, monitoring of energy consumption and adoption of energy-efficient equipment. The major energy conservation initiatives undertaken are as follows:

- Implementation of energy monitoring across substations, plant machinery and residential areas for comprehensive energy accounting and management. Monthly analysis of electricity consumption trends to identify optimization opportunities.
- Power Distribution Infrastructure Upgradation: The replacement of overhead conductors with underground cables which will minimizes transmission losses and enhances the overall energy efficiency of the power distribution network.
- Power factor optimization through installation of Automatic Power Factor Correction (APFC) panels, reducing reactive power demand, minimizing distribution losses and optimizing utilization of transformers, cables and switchgear, while maintaining an average power factor above 0.99 and availing power factor rebate in electricity bills.
- Implemented automatic timer controls for high mast lighting across the shipyard reducing avoidable electricity consumption.
- Major overhauling of Diesel Generator sets and air compressors was undertaken to reduce specific energy consumption during operation.
- Introduction of electric vehicles (EVs) for internal transportation and operational activities to reduce dependence on conventional fuel-powered vehicles and promote sustainable mobility within the shipyard.
- Installation of centralized air-conditioning system for office buildings with energy-efficient controls.
- Comprehensive restoration of utility lines across the yard to eliminate leakages, reducing unnecessary operation of compressors and pumps and improving overall energy utilization.
- Replacement of conventional lighting with energy-efficient LED flood lights, street lights and industrial luminaires.
- Preventive maintenance schedules for the yard equipment, including Goliath Crane, through SAP S/4HANA-PM, leading to improved equipment health, optimized operating performance, reduced avoidable idle operation and enhanced energy efficiency of electrical and mechanical assets.
- Planning to develop rooftop solar photovoltaic installations across available buildings to increase the share of renewable energy and reduce dependence on grid power.
- Planning for the development of a centralized smart energy metering systems for all the industrial facilities to enable real-time energy monitoring and management.

B) Foreign exchange earnings and Outgo:

Particulars	F.Y. 2025-26	F.Y. 2024-25
	₹ in Lakhs	₹ in Lakhs
Foreign exchange earnings	28,043.03	Nil
Value of direct imports (C.I.F. Value)	Nil	Nil
Expenditure in foreign currency	3,695.74	1,410.22

For and on behalf of Board of Directors

Nikhil Merchant
Chairman & Managing Director
DIN: 00614790

Paresh Merchant
Director
DIN: 00660027

Place: Mumbai
Date: 27th May, 2026

Annexure - D

STATEMENT OF DISCLOSURE OF REMUNERATION

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of the remuneration of each Director to the median remuneration of all the Employees of the Company for the Financial Year 2025-26 is as follows:

Name of the Directors	Ratio of the Remuneration of Director to Median Remuneration
Mr. Nikhil V. Merchant	N.A.
Mr. Paresh V. Merchant	N.A.
Mr. Bhavik N. Merchant	N.A.
Mr. Vivek P. Merchant	N.A.
Mr. Kaiyoze Billimoria	N.A.
Mr. Ashishkumar Bairagra (Resigned w.e.f. 20th February, 2026)	N.A.
Mr. Prabhakar Patil	N.A.
Mr. Arun Sinha	N.A.
Ms. Maya Sinha	N.A.
Mr. Jayaramakrishnan Kannan (Appointed w.e.f. 31st March, 2026)	N.A.
Mr. Arvind Morbale	9.02:1

B. Details of percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the Financial Year 2025-26 are as follows:

Name	Designation	Percentage of increase in remuneration
Mr. Nikhil V. Merchant	Chairman & Managing Director	N.A.
Mr. Paresh V. Merchant	Non-Executive- Non-Independent Director	N.A.
Mr. Bhavik N. Merchant	Non-Executive- Non-Independent Director	N.A.
Mr. Vivek P. Merchant	Non-Executive- Non-Independent Director	N.A.
Mr. Ashishkumar Bairagra (Resigned w.e.f. 20th February, 2026)	Non-Executive - Independent Director	N.A.
Mr. Prabhakar Patil	Non-Executive - Independent Director	N.A.
Ms. Maya Sinha	Non-Executive - Independent Director	N.A.
Mr. Arvind Morbale	Whole-Time Director	N.A.
Mr. Arun Sinha	Non-Executive - Independent Director	N.A.
Mr. Kaiyoze Billimoria	Non-Executive - Independent Director	N.A.
Mr. Jayaramakrishnan Kannan (Appointed w.e.f. 31st March, 2026)	Non-Executive - Independent Director	N.A.
Mr. Rajesh Bhardwaj (Resigned w.e.f. 27th May, 2026)	Chief Financial Officer	10.00%
Mr. Vipin Kumar Saxena	Chief Executive Officer	20.00%

Name	Designation	Percentage of increase in remuneration
Mr. Vishant Shetty (Resigned w.e.f. 22nd June, 2025)	Company Secretary	N.A.
Ms. Priti P. Dave (Appointed w.e.f. 17th December, 2025)	Company Secretary	N.A.

C. **Percentage increase in the median remuneration of Employees in the Financial Year 2025-26: -** 7.00%

D. **Number of permanent employees on the rolls of the Company as on 31st March, 2026:** 260

E. **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:**

The average percentile increases in the salaries of Employees other than the Managerial Personnel in the last Financial Year is **7.00%**. The average percentile increase in the salaries of Key Managerial Personnel is **10.00%**.

F. **It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.**

For and on behalf of Board of Directors

Nikhil Merchant
Chairman & Managing Director
DIN: 00614790

Paresh Merchant
Director
DIN: 00660027

Place: Mumbai
Date: 27th May, 2026

Annexure - E

SECRETARIAL AUDIT REPORT

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2026

To,
The Members,
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2026, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The SEBI (Prohibition of Insider Trading) Regulations, 2015;
    c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
    e. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Company under the financial year under report:
    a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

b. The Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and

e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

We report that:

we have relied on the compliance certificates issued by its officers and taken on record by the Board of Directors at their meeting(s) for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. For Income tax laws and compliance with applicable accounting standards, we have relied on the Audit report issued by the Statutory Auditors. The following are the major head / group of Acts, Laws and Regulations as applicable to the Company:

(i) Factories Act, 1948

(ii) the Contract Labour (Regulation & Abolition) Act, 1970

(iii) the Employees' Provident Fund & Miscellaneous Provisions Act, 1952

(iv) the Industrial Employment (Standing Orders) Act, 1946

(v) the Professional Tax Act, 1975

(vi) the Payment of Bonus Act, 1965

(vii) the Minimum Wages Act, 1948

(viii) the Payment of Gratuity Act, 1972

(ix) the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

(x) the Industrial Disputes Act, 1947

(xi) the Employees' Compensation Act, 1923

(xii) the Maternity Benefit Act, 1961

(xiii) the Apprentices Act, 1961

(xiv) the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

(xv) the Equal Remuneration Act, 1976

(xvi) the Gujarat Labour Welfare Fund Act, 1953 and the Rules made thereunder

(xvii) Payment of Wages Act, 1936

(xviii) BOCW, 1996

(xix) the Indian Electricity Rules, 1956

(xx) the Standards Weights and Measures Act, 1976

(xxi) the Hazardous Material Transport Act (HMT), 1975

(xxii) the Legal Metrology Act, 2009

(xxiii) various environmental laws including those relating to prevention and control of pollution

(xxiv) other labour Laws and other incidental laws related to labour and employees

(xxv) Acts prescribed under Direct Tax and Indirect Tax

(xxvi) Land Revenue laws of respective States

(xxvii) the Indian Ports Act, 2025

(xxviii) the Special Economic Zones Act, 2025

(xxix) Acts as prescribed under Shop and Establishment Act of various local authorities; and

(xxx) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company did not have minimum public shareholding as specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 read with Regulation 38 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as the Promoter Group was holding 94.91% of the Share Capital of the Company up to March 19, 2026. However, the Promoter of the Company, Hazel Infra Limited, sold 26,38,747 Equity Shares of the Company through Offer for Sale (OFS) which concluded on March 19, 2026 pursuant to which the Company achieved the MPS requirement of 10%.

Further, the Company did not have a qualified Company Secretary as required under Regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 from June 23, 2025 to December 16, 2025. A qualified Company Secretary has been duly appointed w.e.f. December 17, 2025.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and for meeting convened under shorter notice, if any, were in compliance with section 173(3) of the Companies Act, 2013. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, the following specific events have occurred which had a major bearing on the Company's affairs:-

1. The Company vide special resolution passed at its 28th Annual General Meeting dated September 24, 2025, adopted new set of Articles of Association of the Company.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Savyasachi Joshi
Partner
FCS NO 12752
CP NO 15666
UDIN: F012752H000502241

Place: Mumbai
Date: May 27, 2026

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

ANNEXURE - I

To
The Members,
SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED
Pipavav Port,
Post Ucchaiya, Via Rajula, Amreli,
Gujarat, 365560.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Savyasachi Joshi
Partner
FCS NO 12752
CP NO 15666
UDIN: F012752H000502241

Place: Mumbai
Date: May 27, 2026

Independent Auditors' Report

To

The Members of **Swan Defence and Heavy Industries Limited**
CIN No. L35110GJ1997PLC033193

Report on the Audit of the 'Standalone Financial Statements'

Opinion

We have audited the accompanying standalone financial statements of Swan Defence and Heavy Industries Limited ("the Company"), which comprises the Balance sheet as at March 31, 2026, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the SFS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SFS give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, its loss including other comprehensive income(loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How our audit addressed the key audit matter
1.	**Carrying value of Property, Plant and Equipment and Capital Work in Progress (Notes 2(B) and 2.2 to 2.4)** Property, Plant and Equipment of INR 1,13,750.69 lakhs and Capital Work in Progress of INR 16,593.17 lakhs together constitute a significant portion of total assets. The Company has initiated a major refurbishment/restoration drive and costs incurred on assets where refurbishment is incomplete are carried as Capital Work in Progress. The assessment of costs eligible for capitalisation and of indicators of impairment involves management judgement, and accordingly we determined this to be a key audit matter.	• Tested, on a sample basis, the costs capitalised to Capital Work in Progress with reference to underlying supporting records; • Reviewed the ageing of Capital Work in Progress and management's plans for completion of the pending projects; and • Evaluated management's assessment of indicators of impairment and assessed the adequacy of the related disclosures.

Key audit matter	How our audit addressed the key audit matter
2. Recoverability of the security deposit given to E-Complex Private Limited (Note 6) The Company has given a refundable security deposit of INR 7,370 lakhs to E-Complex Private Limited ("ECPL") against SEZ land taken on lease, carried at a present value of INR 6,060.13 lakhs under Ind AS 116. Litigation arising from the CIRP of ECPL is pending before the Hon'ble Supreme Court of India. Management has assessed that, so long as the Company remains in possession of the leased land, no diminution in the value of the deposit is expected. Considering the amount involved and the judgement in assessing recoverability, we determined this to be a key audit matter.	• Read the lease agreements for the SEZ land and reviewed the status of the litigation from the orders and records made available to us; • Evaluated management's assessment of continued possession of the land and of the recoverability of the deposit, including its measurement at present value under Ind AS 116; and • Assessed the adequacy of the disclosures made in Note 6.
3. Going concern basis of accounting (Note 32) The Company incurred a net loss of INR 22,750.97 lakhs during the year and has significant accumulated losses. Management has prepared the financial statements on a going concern basis having regard to the continuing financial support from the promoter group, the available liquidity and the recommencement of operations during the year. Considering the judgement involved in this assessment, we determined this to be a key audit matter.	• Obtained and evaluated management's assessment of the going concern assumption, including the expected cash flows and the sources of funding; • Verified the funding received during the year, including the interest-free unsecured loans from the promoter group company, and the completion of payments to the financial creditors under the approved resolution plan; and • Assessed the adequacy of the disclosures made in Note 32.

Emphasis of Matter Paragraph

i. We draw your attention to Note 2 (B) of accompanying SFS which states that the Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2026, the cost incurred is shown as Capital Work in Progress.

ii. We draw attention to Note 2.2, 2.3 and 2.4 of accompanying SFS which states that the Capital Work in Progress (net of impairment) includes assets under construction and installation amounting to INR 16,593.17 lakhs. Of these, projects amounting to INR 1,070.05 lakhs are in progress for a period of less than one year, projects amounting to INR 11,854.12 lakhs are in progress for a period of one to two years, and projects amounting to INR 3,669.00 lakhs are in progress for more than three years.

iii. We draw attention to Note 5.2 of accompanying SFS which states that 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.

iv. We draw attention to Note 6.1 of accompanying SFS which states that as on March 31, 2026, an amount of INR 7,370.00 Lakhs has been given as a refundable deposit to E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company, as per the lease agreements executed with ECPL . This deposit is represented in financial as on March 31, 2026 at present value of INR 6,060.13 Lakhs (Previous Year INR 5,458.58 Lakhs) as per IND AS 116,. which is presented as " Security Deposits with Others ". Please refer Note- 35 on Related Party Transactions for more detail.

v. We draw attention to Note 14.2 of accompanying SFS which states that the Company has availed a Rupee Term Loan facility of INR 1,02,017.27 Lakhs (Previous Year: INR. Nil) from NaBFID, secured by a first pari-passu charge on immovable and movable fixed assets, intangible assets. The loan is also secured by second pari passu charge on trade receivables, inventories, book debts and other current assets of the Company, both present and future, subject to the rights of working capital lenders in accordance with the financing documents. The loan carries an interest rate linked to the 1-year NaBFID Lending Rate plus a spread of 1.25%, with a door-to door tenor of 10.75 years and structured quarterly repayments with moratorium of nine months. The facility is further secured by corporate guarantees and is subject to various financial and nonfinancial covenants.

vi. We draw your attention to Note 14.3 of accompanying SFS which states that during the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 61096.20 lakhs.

vii. We draw your attention to Note 35 (a) note 2 of accompanying SFS which states that ‘E Complex Private Limited (“ECPL”), an erstwhile wholly-owned subsidiary of the Company is admitted for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad since December 9 2020. The CIRP process was completed as per the NCLT order dated December 4, 2023 which was set-aside, but the same is challenged and now pending for final hearing before the Supreme court of India. Company has already impaired this investment. Although the Company continues to hold 100% of the equity share capital of ECPL, the management has assessed that the Company does not have control over ECPL in accordance with Ind AS 110. Hence ECPL has not been considered a related party for the purposes of disclosures under Ind AS 24.

viii. We draw your attention to Note 38(I) of accompanying SFS which states that (I) the Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited (“the Transferor Company” or “TOPL”) and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] (“the Transferee Company” or “SDHI”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder (“The Act”), which inter alia provides for the following:

1. Reduction and re-organisation of the capital of the Transferee Company.

2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHI will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

As on 31st March, 2026, the Company had received the requisite approvals from the Stock Exchanges for proceeding with the filing of the Petition before the Hon’ble National Company Law Tribunal, Ahmedabad Bench (“NCLT”). Pursuant thereto, the Company filed the Petition with the Hon’ble NCLT on 27th March, 2026. Subsequent to the date of the financial statements, the following developments have taken place in the matter:

The Order of the Hon’ble NCLT was received on 13th April, 2026 and updated order was received on 16th April, 2026.

Pursuant to the said Order, the NCLT-convened Extraordinary General Meeting (“EGM”) of the shareholders of the Company was duly held on 25th May, 2026, and the requisite shareholders’ approval has been obtained.

Our opinion on the accompanying SFS is not modified in respect of the above-mentioned matter.

Information Other than the Financial Statements and Auditor’s Report Thereon

i. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditors’ report thereon. The Director’s report is expected to be made available to us after the date of this auditor’s report.

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

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

iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Statements

i. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these SFS that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the SFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

ii. In preparing the SFS, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the SFS

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

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

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

SFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the SFS that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the SFS may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the SFS.

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

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

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

Report on Other Legal and Regulatory Requirements

(A) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements (SFS) comply with the Ind AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the company as on the date of signing of these SFS (as restated) which has been taken on record by the Board of Directors of the company, none of the directors of the company incorporated in India is disqualified as on the date of signing of these SFS from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement.

ii. Bases on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

iii. Based on the latest available secretarial audit report and representations from the company, we noted that company is not required to transfer amounts to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

v. The company have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi. Based on our examination, which included test checks, in terms of Rule 3 (1) of the Companies (Accounts) Rules, 2014, applicable on or after April 1, 2023, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2026, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with. Further, the audit trail, to the extent maintained in the prior year, has been preserved by the Company as per the statutory requirements for record retention.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For N.N Jambusaria & Co.
Chartered Accountants
Firm Reg No.104030W

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 26038979TDOLHS9486

Place: Mumbai
Date: 27/05/2026

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph (A) under 'Report on other legal and Regulatory Requirements of Independent Auditor's Report of even date to the members of Swan Defence and Heavy Industries Limited ("the Company") on the Standalone Financial Statements for the year ended March 31, 2026

To the best of our information and according to the explanations provided to us by the company and the books of account and records examined by us in the normal course of audit and to the best of my knowledge and belief, we state that:-

i. Property, Plant and Equipment

a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangible assets.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a program of physical verification of its property, plant and equipment in phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, property, plant and equipment were verified during the year. No material discrepancies were noticed on such verification.

c) According to the information and explanation given to us and on the basis of examination of the records of the company, the company does not have any immovable properties held in their name (other than properties where the company is the lessee and the lease agreement are duly executed in the favour of Lessee) and no requirement of title deeds arises.

d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.

ii. Inventories

a) The management has conducted physical verification of inventory at reasonable intervals during the year, in our opinion, the coverage and procedure of such verification by the management is appropriate. As informed to us, any discrepancies of 10% or more in the aggregate for each class of inventory were not noticed on such verification.

b) According to the information and explanations given to us, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3 (ii) (b) of the order is not applicable.

iii. Loans given

According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any additional investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or other parties during the year. Accordingly, reporting under clause 3 (iii) (a),(b),(c),(d),(e),(f) of the order is not applicable.

iv. Compliance of Sec 185 & 186

Basis the details and the information received from the management and their representation, we have noted that the company had complied with the provisions of section 185 and 186 of the Act. During the current year, the company has not provided any additional corporate guarantees and securities.

v. Public Deposit

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. Cost Records

According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the company. Hence, reporting under clause 3 (vi) of the Order is not applicable to the company.

vii. Statutory Dues-

a) According to information and explanations given to us and on the basis of our examination of the records of the company, it is regular in depositing undisputed statutory dues including Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, sales-tax, service tax, Duty of Customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities, except the following:-

Name of the Statue	Nature of Dues	Period to which it relates	Amount in INR Lakhs
Employees' Provident Fund	Provident Fund	Various dates before October'2023	78.69
Profession Tax Act	Profession Tax	Various dates before October'2023	0.49

b) There are no dues in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statue	Nature of Dues	Period to which it relates	Amount in INR Lakhs	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	FY 2020-21	120.00	Assistant Commissioner of Income tax
GST Act, 2017	GST	FY 2019-20	351.45	State Tax Officer
GST Act, 2017	GST	FY 2019-20	579.09	State Tax Officer
GST Act, 2017	GST	FY 2019-20	284.37	State Tax Officer
GST Act, 2017	GST	FY 2020-21	188.67	State Tax Officer
GST Act, 2017	GST	FY 2020-21	13.15	State Tax Officer
GST Act, 2017	GST	FY 2021-22	60.90	State Tax Officer
GST Act, 2017	GST	FY 2021-22	4.48	State Tax Officer

viii. In our opinion and according to the information and explanations given to us, the company has not surrendered or disclosed as income any transaction not recorded in the books of accounts during the year in the tax assessments under the Income Tax Act,1961

ix. Application & Repayment of Loans & Borrowings

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year ended March 31, 2026.

b) According to the information provided to us by the management, the company not been declared as wilful defaulter by any bank or financial institutions or other lenders.

c) The Company has not taken term loan during the year and hence, reporting under clause 3 (ix) (c) is not applicable.

d) On an overall examination of the financial statements of the company, we state that company has not raised short term fund during the year.

e) The company has not taken any additional funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company has not raised fresh loans during the year on the pledge of securities held in subsidiaries, joint ventures or associate companies

x. Application of funds raised through public offer

a) The company has not raised money by way of Initial Public Offer or further public offer including debt instruments and term loans during the year and hence reporting under clause (x) (a) of the Order is not applicable to the company

b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause (x)(b) of the Order is not applicable to the company.

xi. Fraud

a) Based on the information and explanations given to us by the management, no material fraud has been noticed or reported by the company during the year.

b) To the best of our knowledge, owing to (xi) (a), report under sub-section (12) of section 143 of the Companies Act is not required to be filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) No whistle-blower complaints have been received during the year by the company as represented to us by the management.

xii. Nidhi Company

The Company is not a Nidhi company as per the Nidhi Rules, 2014. Hence reporting under Clause 3(xii) of the Order is not applicable to the company

xiii. In our opinion and according to the information and explanations received from the management of the company, the Company has entered into the transactions with related parties in compliance with Section 177 and 188 of Companies Act, 2013,where applicable, for all the balances of related parties and details of related parties sanctions have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013.

xiv. Internal Audit

(a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. In our opinion and according to the information and explanations given to us, the company has not entered any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.

xvi. Registration u/s 45-IA of RBI Act

a) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company

b) The Company has not conducted any Non-Banking Financial or Housing Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

d) According to the information and explanations provided to us during the course of audit, the Group does not have any Core Investment Company. Accordingly, the requirements of clause 3(xvi)(d) are not applicable

xvii. The company has incurred cash losses amounting to INR 29,335.07 Lakhs during the financial year and cash losses of INR 12,343.02 Lakhs were incurred during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year 2025-26.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. Corporate Social Responsibility

The company is not required to spend any amount towards Corporate social Responsibility (CSR) and thus there us is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) or to special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the order is not applicable to the company

For N.N Jambusaria & Co.
Chartered Accountants
Firm Reg No.104030W

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 26038979TDOLHS9486

Place: Mumbai
Date: 27/05/2026

Annexure B

To the Independent Auditor's Report on the SFS of Swan Defence and Heavy Industries Limited ("the Company") for the year ended March 31, 2026

(Referred to in Paragraph (B) (f), under 'Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of Company to Swan Defence And Heavy Industries Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the SFS of the Company for the year ended on that date.

In our opinion, the Company has, in all material aspects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

For N.N Jambusaria & Co.
Chartered Accountants
Firm Reg No.104030W

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 26038979TDOLHS9486

Place: Mumbai
Date: 27/05/2026

Standalone Balance Sheet

as at March 31, 2026

INR in Lakhs

Particulars		Note No.	As at March 31, 2026	As at March 31, 2025
I	**ASSETS**			
(1)	**Non Current Assets**			
	(a) Property, Plant and Equipment	2	1,13,750.69	1,11,458.57
	(b) Right-of-use Assets	2	4,944.47	6,503.10
	(c) Capital Work in Progress	2	16,593.17	15,523.12
	(d) Intangible Assets	2	36.30	65.11
	(e) Financial Assets			
	(i) Investments	3	25,293.92	153.49
	(ii) Other Financial Assets	4	881.24	-
	(f) Deferred Tax Assets (net)	5	-	-
	(g) Other Non Current Assets	6	8,296.24	7,632.94
	Total Non Current Assets (A)		**169,796.03**	**141,336.33**
(2)	**Current Assets**			
	(a) Inventories	7	95,208.31	140,110.68
	(b) Financial Assets			
	(i) Trade Receivables	8	1,231.91	45.66
	(ii) Cash and Cash Equivalents	9	18,401.70	2,837.54
	(iii) Bank Balance other than (ii) Above	10	10,484.06	80.44
	(c) Current Tax Assets (Net)		85.71	25.51
	(d) Other Current Assets	11	20,984.85	4,367.87
	Total Current Assets (B)		**1,46,396.54**	**1,47,467.70**
	TOTAL ASSETS (A+B)		**3,16,192.57**	**2,88,804.03**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	(a) Equity Share Capital	12	5,268.22	5,268.22
	(b) Other Equity	13	1,168.79	23,919.76
	Total Equity (A)		**6,437.01**	**29,187.98**
(2)	**Liabilities**			
2.1	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	14	2,72,506.02	2,24,369.00
	(ii) Lease Liability		4,567.65	6,002.96
	(b) Provisions	15	43.01	43.01
	Total Non Current Liabilities (B)			
			2,77,116.68	**2,30,414.97**
2.2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16	-	18,800.00
	(ii) Lease Liability		1,677.16	1,353.50
	(iii) Trade Payables	17		
	Total outstanding dues of micro and small enterprises		160.94	1,214.67
	Total outstanding dues of creditors other than micro and small enterprises		3,752.26	4,437.89
	(iv) Other Financial Liabilities	18	1,569.58	3,076.13
	(b) Other Current Liabilities	19	25,478.94	273.88
	(c) Provisions	20	-	45.01
	Total Current Liabilities (C)		**32,638.88**	**29,201.08**
	TOTAL EQUITY AND LIABILITIES (A+B+C)		**3,16,192.57**	**2,88,804.03**
Material Accounting Policies		1		
Notes forming part of Standalone Financial Statements		2 to 41		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27 , 2026
UDIN:26038979TDOLHS9486

Rajesh Bhardwaj
Chief Financial Officer

Place : Mumbai
Date : May 27, 2026

Priti P. Dave
Company Secretary
Membership No. A19469

Standalone Statement of Profit and Loss

for the year ended March 31, 2026

INR in Lakhs

	Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
I	Revenue from Operations	21	28,213.87	703.46
II	Other Income	22	15,784.27	1,050.62
III	**Total Income (I + II)**		**43,998.14**	**1,754.08**
IV	**Expenses**			
(a)	Cost of Materials Consumed	23	2,056.47	68.91
(b)	Changes in Inventories of Work in Progress & Scrap	23	44,969.44	239.56
(c)	Other Direct Expense	24	549.19	-
(d)	Employee Benefits Expenses	25	3,607.10	2,188.78
(e)	Finance Costs	26	1,232.00	2,093.50
(f)	Depreciation and Amortisation Expenses	2	6,326.74	6,087.85
(g)	Other Expenses	27	8,008.17	9,002.14
	Total Expenses (IV)		**66,749.11**	**19,680.74**
V	**Profit / (Loss) before Exceptional Items and Tax (III - IV)**		**(22,750.97)**	**(17,926.66)**
VI	**Exceptional Items**	28		
	Prior Period IndAs Adjustment			(222.64)
VII	**Profit / (Loss) Before Tax (V - VI)**		**(22,750.97)**	**(18,149.30)**
VIII	**Tax Expense**			
	- Current Tax		-	-
	- Deferred Tax Credit/ (Reversal)		-	-
	- Income Tax for Earlier Years		-	-
IX	**Profit / (Loss) after tax (VII - VIII)**		**(22,750.97)**	**(18,149.30)**
X	**Other Comprehensive Income**			
	Other Comprehensive Income to be reclassified to profit and loss in subsequent year			
	Exchange differences on translation of Foreign Operations		-	-
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Items that will not to be reclassified to profit and loss in subsequent year			
	Actuarial gains/(losses) on defined benefit plans		-	-
	Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year (X)			**-**	**-**
XI	**Total Comprehensive Income for the year (IX + X)**		**(22,750.97)**	**(18,149.30)**
XII	**Earnings per Equity Share of INR 10 each**	29		
	- Basic (In INR)		(43.19)	(51.64)
	- Diluted (In INR)		(43.19)	(51.64)
Material Accounting Policies		1		
Notes forming part of Standalone Financial Statements		2 to 41		

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27 , 2026
UDIN:26038979TDOLHS9486

Rajesh Bhardwaj
Chief Financial Officer

Place : Mumbai
Date : May 27, 2026

Priti P. Dave
Company Secretary
Membership No. A19469

Standalone Statement of Changes in Equity

for year ended March 31, 2026

A Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	52,682,150	5,268.22	2,682,150	268.22
Add: Shares Issued during the year	-	-	50,000,000	5,000.00
Equity Shares at the end of the year	**52,682,150**	**5,268.22**	**52,682,150**	**5,268.22**

B Other Equity

INR in Lakhs

Particulars	Reserve and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income	
As at April 01, 2024	**79,745.87**	**150,011.33**	**22,791.35**	**(210,649.38)**	**169.89**	**42,069.06**
Add/(Less):						
Loss for the year	-	-	-	(18,149.30)	-	(18,149.30)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2025	**79,745.87**	**150,011.33**	**22,791.35**	**(228,798.68)**	**169.89**	**23,919.76**
As at April 01, 2025	**79,745.87**	**150,011.33**	**22,791.35**	**(228,798.68)**	**169.89**	**23,919.76**
Add/(Less):						
Loss for the year	-	-	-	(22,750.97)	-	(22,750.97)
Other Comprehensive Income	-	-	-	-	-	-
	-	-	-	(22,750.97)	-	(22,750.97)
As at March 31, 2026						
	79,745.87	**150,011.33**	**22,791.35**	**(251,549.65)**	**169.89**	**1,168.79**

Material Accounting Policies 1

Notes forming part of Standalone Financial Statements 2 to 41

As per our report on even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
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DIN : 00614790

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Chief Financial Officer

Place : Mumbai
Date : May 27, 2026

Priti P. Dave
Company Secretary
Membership No. A19469

Standalone Cash Flow Statement

for the year ended March 31, 2026

INR in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A	**Cash Flow from Operating Activities**		
	Profit / (Loss) before Tax	(22,750.97)	(18,149.30)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,326.74	6,087.85
	Interest Income	(271.64)	(113.17)
	Interest on ROU	(610.29)	(547.20)
	Finance Costs	349.18	1,080.46
	Finance Costs ROU	882.27	1,013.04
	Finance Costs Amoirtised	0.55	-
	Dividend Received	-	(1.12)
	Balances w/off and impairment	-	42.99
	Exceptional item	-	222.64
	Payment of Rentals	(2,307.67)	(2,199.63)
	Loan prepayment discount received	(12,351.07)	-
	Unrealised loss on Mutual funds	49.97	-
	Operating cash flow before working capital changes	**(30,682.93)**	**(12,563.44)**
	Movement in Working Capital		
	(Increase) / Decrease in Inventories	44,902.37	429.05
	(Increase) / Decrease Other non current assets	(64.04)	(146.97)
	(Increase) / Decrease Trade and Other Receivables	(17,803.23)	(3,509.82)
	Increase / (Decrease) Trade and Other Payables	21,914.14	6,190.64
	Cash Used in Operations	**18,266.31**	**(9,600.54)**
	Income Taxes (Paid) / Refund	(60.19)	(20.16)
	Net Cash from Operating Activities	**18,206.12**	**(9,620.70)**
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment (Net off sales proceeds)	(6,706.65)	(4,422.85)
	Investment in Mututal fund	(25,190.40)	-
	Increase in Capital Work in Progress	(1,070.05)	(11,854.12)
	FD kept with bank	(11,284.86)	(6.56)
	Interest Received	271.64	113.17
	Dividend Received	-	1.12
	Net Cash from Investing Activities	**(43,980.32)**	**(16,169.24)**
C	**Cash Flow from Financing Activities**		
	Finance Costs	(349.18)	(1,080.46)
	Loan taken from NBFC	1,01,440.27	-
	Payment to financial creditors as per approved Resolution plan	(1,20,848.93)	(50,800.00)
	Interest to financial creditors as per NCLT order	-	(1,908.00)
	Borrowings	61,096.20	80,595.00
	Net Cash used in Financing Activities	**41,338.36**	**26,806.54**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**15,564.16**	**1,016.60**
	Cash and Cash Equivalents - Opening balance	2,837.54	1,820.94
	Cash and Cash Equivalents - Closing balance	**18,401.70**	**2,837.54**

Material Accounting Policies 1

Notes forming part of Standalone Financial Statements 2 to 41

Notes :

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

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

As per our report of even date

For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN:26038979TDOLHS9486

Rajesh Bhardwaj
Chief Financial Officer

Priti P. Dave
Company Secretary
Membership No. A19469

Place : Mumbai
Date : May 27, 2026

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note - 1

Statement of Material Accounting Policies

General Information

The financial statements comprise financial statements of Swan Defence and Heavy Industries Limited ("SDHI" or "the Company") for the year ended March 31st, 2026. SDHI 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 BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. SDHI has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels(NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 164,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

Material Accounting Policies

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

1.1 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.

1.2 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;

1.3 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.

1.4 Use of Estimates:

The preparation of the financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;

b. Measurement of defined benefit obligations;

c. Measurement and likelihood of occurrence of provisions and contingencies;

d. Impairment of investments;

e. Recognition of deferred tax assets; and

f. Measurement of recoverable amounts of cash-generating units.

1.5 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

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.

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

1.6 Other Material Accounting Policies:

I Property, Plant and Equipments:

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

The initial cost of an asset comprises its purchase price (including import duties and nonrefundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

Machinery spares that meet the definition of property, plant and equipment are capitalised;

Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as “Capital work-in-progress”;

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

Assets costing INR 5,000/- or less are charged to the Statement of Profit & Loss in the year of purchase;

Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

Freehold land is not depreciated;

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

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)	47 to 50
Offshore Yard	48 to 50
Site development	32 to 37
Roads, Culverts & Bridge	25
Wall	20
Heavy Fabrication Area	14 to 33
SAP/Technical Know How	10
Vehicles & excavator	8 to 15
Computers and accessories	3 to 6
Office equipments	2 to 15
Buildings	10 to 60
Furniture Fixture	1 to 15
Plant and machinery	4 to 30

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

Notes to Standalone Financial Statements
for the year ended March 31, 2026

ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Material 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.

iv. The Company has initiated major drive for refurbishment/restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

III Investment property:

Investment property is property (land or a building - or part of a building - or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

IV Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

V Fair Value Measurement:

The Company measures certain financial instruments at fair value at each reporting date; as disclosed in note number 39.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities; as disclosed in note number 39.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs);

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

VI Inventories:

i. Inventories comprising Closing stock of raw material, work in progress, finished goods and consumables and spares are valued at lower of cost (on weighted average) and net realisable value after providing for obsolescence and other losses, where considered necessary;

ii. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;

iii. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

VII IND AS 116 - Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration. The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use (RoU) asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using Company's incremental borrowing rate on periodic basis. Subsequently, RoU asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in Statement of Profit and Loss using the Company's incremental borrowing rate. If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease. Lease payments associated with short term leases are treated as an expense on systematic basis.

Notes to Standalone Financial Statements
for the year ended March 31, 2026

As a Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on systematic basis in the pattern in which benefit from the use of the underlying asset is diminished.

VIII Government Subsidy:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

IX Foreign Currency Transactions:

The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items except for long-term foreign currency monetary items which are accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortised over balance period of liability) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

Non - Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

X Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured a

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till derecognition on the basis of:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the

Notes to Standalone Financial Statements
for the year ended March 31, 2026

Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset;

Preference shares/Debentures:

Preference shares/Debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Preference shares/Debentures, the fair value of the liability component is determined using a market rate for an equivalent non convertible instrument. This amount is classified as financial liability measured at amortized cost (net of transaction cost) until it is extinguished on redemption.

Transaction cost are apportioned between the liability and equity component of the Preference shares/ Debentures based on the allocation of the proceed to the liability and equity component when the instrument are initially recognized.

Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial guarantees:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

Derivative financial instruments:

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

XI Earnings per share:

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

XII Non-currents assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

XIII Impairment of Non-financial Assets:

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication of such impairment exists, the recoverable amount of such assets/cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

XIV Investment in Subsidiaries:

Investments in equity shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

XV Cash and Cash Equivalents:

Cash and Cash Equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

XVI Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

XVII Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

XVIIIProvisions and Contingent Liabilities:

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

XIX Revenue Recognition:

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts:

(i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

(a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

(b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

(d) Ship Building Financial Assistance recognised over a period of time in respect of contracts which are eligible under SBFA policy when the management can reliably measure the probable receipt of the same.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

> Based on the nature of the goods, progress w.r.t Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

> For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.

> For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed upto reporting date as the same is representative of the satisfaction of performance obligation subject to entitlement of consideration in exchange of goods and/or services.

(ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.

(iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

(B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo -Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

(C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

(D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.

(E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.

(F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

(G) Variable Consideration:

Variable considerations like discounts, rebates, refunds, credits, price concessions, penalties (liquidated damages) or other similar items in a Contract are accounted on the basis of contractual provisions/management estimation and the net amount of consideration to which the company will be entitled in exchange for transferring the promised goods or services to a customer. The promised consideration can vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

(H) Other Income

(i) Rendering of Other Services: Revenue is recognized from rendering of other services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

(ii) Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

(iii) Income from sale of scrap is accounted for on realisation;

(iv) Interest income is recognized using the effective interest rate (EIR) method;

(v) Dividend income on investments is recognised when the right to receive dividend is established;

(vi) Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(vii) Rent for the immovable properties is recognised on accrual basis as per the respective agreements with the parties.

XX Borrowing Costs:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

XXI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

ii. Post-employment benefits:

The Company operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans:

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the 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 obligation is performed at each reporting period end 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 the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation

Notes to Standalone Financial Statements

for the year ended March 31, 2026

and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

XXII Provision for Current and Deferred Tax:

i. Current tax:

Income-tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

ii. Deferred Tax:

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

XXIII 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.

XXIV Contract Asset:

The company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

XXV Contract Liability:

The company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Notes to Standalone Financial Statements
for the year ended March 31, 2026

Note - 2

A Property, Plant and Equipments

INR in Lakhs

		Owned Assets						Leased Assets		Intangible Assets	
		Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	Total
I	**Gross Carrying Amount**										
	As at April 01, 2025	52,853.72	4,93,468.85	642.77	509.57	205.48	5,47,680.39	13,745.91	48,448.78	805.95	6,10,681.03
	Additions during the year	3,276.27	2,817.10	81.66	194.19	79.21	6,448.44	324.78	500.66	4.84	7,278.72
	Reclassification	(100.48)	-	100.48	-	-	-	-	-	-	-
	Deductions	-	4,663.39	-	-	122.06	4,785.45	-	-	-	4,785.45
	As at March 31, 2026	**56,029.51**	**4,91,622.56**	**824.91**	**703.76**	**162.63**	**5,49,343.38**	**14,070.69**	**48,949.44**	**810.79**	**6,13,174.30**
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01, 2025	21,664.73	1,16,542.04	361.52	247.64	190.72	1,39,006.65	7,242.81	17,529.81	376.45	1,64,155.72
	Additions during the year	1,194.40	2,779.43	29.07	84.23	2.82	4,089.95	1,883.41	319.73	33.65	6,326.74
	Deductions	-	3,050.62	-	-	115.54	3,166.16	-	-	-	3,166.16
	As at March 31, 2026	**22,859.13**	**1,16,270.85**	**390.59**	**331.87**	**78.00**	**1,39,930.44**	**9,126.22**	**17,849.54**	**410.10**	**1,67,316.30**
b	**Impairment**										
	As at April 01, 2025	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
	Additions during the year	-	-	-	-	-	-	-	-	-	-
	Deductions	-	1,371.46	-	-	0.53	1,371.99	-	-	-	1,371.99
	As at March 31, 2026	**7,897.39**	**2,93,501.05**	**127.80**	**104.17**	**1.98**	**3,01,632.39**	**-**	**25,129.76**	**364.39**	**3,27,126.54**
III	**Net Carrying Amount as at 31.03.2026**	**25,273.00**	**81,850.66**	**306.52**	**267.72**	**82.65**	**1,07,780.55**	**4,944.47**	**5,970.14**	**36.30**	**1,18,731.46**
Previous Financial Year											
I	**Gross Carrying Amount**										
	As at April 01, 2024	49,833.41	4,91,793.83	505.91	356.06	203.02	5,42,692.23	11,447.83	48,448.78	734.29	6,03,323.13
	Additions during the year on account of recalculation of Right-of-use Assets	3,020.31	1,675.02	136.86	153.51	2.46	4,988.16	2,298.08	-	71.66	7,357.90
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**52,853.72**	**4,93,468.85**	**642.77**	**509.57**	**205.48**	**5,47,680.39**	**13,745.91**	**48,448.78**	**805.95**	**6,10,681.03**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

		Owned Assets						Leased Assets		Intangible Assets	
		Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	Total
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01, 2024	20,663.01	1,13,593.64	355.57	223.39	190.35	1,35,025.96	5,448.01	17,224.00	369.90	1,58,067.87
	Additions during the year	1,001.72	2,948.40	5.95	24.25	0.37	3,980.69	1,794.80	305.81	6.55	6,087.85
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**21,664.73**	**1,16,542.04**	**361.52**	**247.64**	**190.72**	**1,39,006.65**	**7,242.81**	**17,529.81**	**376.45**	**1,64,155.72**
b	**Impairment**										
	As at April 01, 2024	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
	Additions during the year	-	-	-	-	-	-	-	-	-	-
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**7,897.39**	**2,94,872.51**	**127.80**	**104.17**	**2.51**	**3,03,004.38**	**-**	**25,129.76**	**364.39**	**3,28,498.53**
III	**Net Carrying Amount as at 31.03.2025**	**23,291.60**	**82,054.30**	**153.45**	**157.76**	**12.25**	**1,05,669.36**	**6,503.10**	**5,789.21**	**65.11**	**1,18,026.78**

* Other than Internally Generated.

Note -

1 There was a large scale damage to Property, Plant and Equipment, Capital Work in Progress and Inventories due to cyclone Tauktae which hit company premises during May 2021. Company has taken up the matter with insurance company for assessing the damage and settlement of claims. Pending the outcome no provision has been made in the accounts for period ended March 31st, 2026.

2 During the year management has conducted physical verification of all the fixed assets of the Company.

3 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

INR in Lakhs

		2025-26	2024-25
B	**Capital Work-in-Progress**	16,593.17	15,523.12
C	**Intangible Assets under development**	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2026

2.1 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2026, the cost incurred is shown as Capital Work in Progress.

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. 14 and 16 to the financial statements.

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

INR in Lakhs

Particulars	2025-26	2024-25
- Assets under construction and installation	16,593.17	15,523.12

2.4 Capital-Work-in Progress (CWIP) disclosure as per notification issued by the Ministry Of Corporate Affairs

CWIP	Amount in CWIP for a period of 2025-26				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	1,070.05	11,854.12	-	3,669.00	16,593.17
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP for a period of 2024-25				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	11,854.12	-	-	3,669.00	15,523.12
Projects temporarily suspended	-	-	-	-	-

Completion Schedule of the CWIP of 2025-26

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	12,444.88	4,148.29	-	-	16,593.17
Projects temporarily suspended	-	-	-	-	-

Completion Schedule of the CWIP of 2024-25

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	15,523.12	-	-	-	15,523.12
Projects temporarily suspended	-	-	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 3

Investments

INR in Lakhs

Particulars	% of holding	Face Value	Numbers		As at March 31, 2026	As at March 31, 2025
			31-Mar-26	31-Mar-25		
Long Term Trade Investments (Unquoted and fully paid up) - Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
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
					12.74	**12.74**
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	153.49	153.49
					153.49	**153.49**
In Equity Shares of Other Company						
E Complex Private Limited (refer note no. 3.4)	100.00%	₹ 10	2,17,09,327	2,17,09,327	1,896.73	1,896.73
Reliance Underwater Systems Limited (formerly Reliance Lighter than Air Systems Private Limited)	50.00%	₹ 10	1,40,000	1,40,000	14.00	14.00
In Government and Other Securities					**1,910.73**	**1,910.73**
6 years National Savings Certificate (Deposited with Sales Tax Department)					0.05	0.05
Less - Impairment of Investments					1,923.52	1,923.52
Mutual fund Investments					25,140.43	-
Total Investments					**25,293.92**	**153.49**

3.1 Refer note no. 1(6)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	25,140.43	-	-	-
Unquoted Investments	153.49	-	153.49	-
Total Investments	**25,293.92**	**-**	**153.49**	**-**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

3.3 As per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31st, 2026. There are three subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financial statements.

Sr no.	Name of the Company	Nature of Entity	Status
1	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
2	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active
3	Conceptia Software Technologies Private Limited	Associate	Active

3.4 Investment in Equity Shares of E Complex Private Limited (“ECPL”) an erstwhile wholly-owned subsidiary of the Company, which is presented as “Other Investments”. Please refer Note 35 on Related Party Transactions for more detail.

3.5 Quoted mutual fund investments as carrying amount ₹ 22,550.61 Lakhs (Previous year ₹ Nil) have been pledged as margin money with banks against banking guarantee and are therefore subject to restrictions on their use until the related obligations are discharged.

Note No. - 4

Other Financial Assets

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks		
In Deposit Accounts	881.24	-
Total Other Financial Assets	**881.24**	**-**

4.1 Term deposit amounting to ₹ 880.24 Lakhs (Previous year ₹ Nil) are under lien with banks as margin against bank guarantee.These deposits are subject to restrictions on withdrawal until the related obligations are discharged.

Note No. - 5

Deferred Tax Assets (net)

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, 2026 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 6

Other Non Current Assets

(Unsecured and considered good)

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Security Deposits with		
Others	8,296.24	7,632.94
Total Other Non Current Assets	**8,296.24**	**7,632.94**

6.1 An amount of INR 7,370.00 Lakhs has been given as a refundable deposit to E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company, as per the lease agreements executed with ECPL . This deposit is represented in financial as on March 31, 2026 at present value of INR 6,060.13 Lakhs (Previous Year INR 5,458.58 Lakhs) as per IND AS 116,. which is presented as "Security Deposits with Others". Please refer Note- 35 on Related Party Transactions for more detail.

Note No. - 7

Inventories

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	9,953.22	10,423.05
Work in Progress	84,200.00	1,29,169.44
Stores and Spares	1,055.09	518.19
Total Inventories	**95,208.31**	**1,40,110.68**

7.1 Refer note no. 1.6(VI) for basis of valuation.

7.2 All the Inventories of the Company are hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 16 to the financial statements.

7.3 During the year management has conducted physical verification of inventory.

Note No. - 8

Trade Receivables

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Trade Receivables Considered Good - Unsecured (Less than 180 days)	1,231.91		45.66	
Trade Receivables Considered Good - Unsecured (More than 180 days)	694.57		695.23	
	1,926.48		740.89	
Less: Provision for Credit Impaired	(694.57)		(695.23)	
		1,231.91		45.66
Total Trade Receivables		**1,231.91**		**45.66**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

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

8.2 Aging of Trade receivable.

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31st, 2026
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables-Considered Good	1,224.41	0.00	0.70	1.27	5.53	1,231.91
Undisputed Trade Receivables-Considered Doubtful					694.57	694.57
Provision					(694.57)	(694.57)
Disputed Trade Receivables considered good						
Disputed Trade Receivables considered doubtful						
Total	**1,224.41**	**-**	**0.70**	**1.27**	**5.53**	**1,231.91**

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31st, 2025
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables-Considered Good	-	0.70	1.27	-	43.69	45.66
Undisputed Trade Receivables-Considered Doubtful					695.23	695.23
Provision					(695.23)	(695.23)
Disputed Trade Receivables considered good						
Disputed Trade Receivables considered doubtful						
Total	**-**	**0.70**	**1.27**	**-**	**43.69**	**45.66**

Note No. - 9

Cash and Cash Equivalents

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks in Current Accounts	304.17	1,233.24
Cash on hand	0.06	0.30
Fixed Deposit	18,097.47	1,604.00
Total Cash and Cash Equivalents	**18,401.70**	**2,837.54**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 10

Bank Balance other than Cash and Cash Equivalents

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks		
In Deposit Accounts	10,484.06	80.44
Total Bank Balance other than Cash and Cash Equivalents	**10,484.06**	**80.44**

10.1 Term deposit amounting to ₹ 10,484.06 Lakhs (Previous year ₹ 80.44 Lakhs) are under lien with banks as margin against bank guarantee. These deposits are subject to restrictions on withdrawal until the related obligations are discharged.

Note No. - 11

Other Current Assets

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Prepaid Expenses		194.74		67.17
Goods and Services Tax		4,933.07		3,414.35
Contract Assets		14,499.15		-
Receivables pertaining to other income	24.11		57.27	
Less: Provision of Income receivable	(16.76)	7.35	(16.10)	41.17
Gratuity claim receivable from LIC		19.47		12.02
Advance against purchase of material / services	45,744.27		45,258.08	
Less: Advance against purchase of material/ services and capital goods Impaired	(44,424.92)	1,319.35	(44,424.92)	833.16
Advance to employees		11.72		
Shipbuilding Contracts Receivables	740.57		740.57	
Less: Shipbuilding Contracts Receivables - Impaired	(740.57)	-	(740.57)	-
Total Other Current Assets		**20,984.85**		**4,367.87**

11.1 Charge is created on the current assets as under:

All current assets of the Company, including inventory, receivables, and cash balances, are secured by a second pari-passu charge in favor of the lenders, subject to the first charge of working capital lenders. The Company is required to route operational cash flows through the designated Trust and Retention Account and comply with all reporting and insurance requirements as stipulated in the sanction letter.

11.2 Contract Assets represents the Company's right to consideration for work performed under shipbuilding contracts where revenue has been recognised over time in accordance with Ind AS 115, but the right to invoice the customer is conditional upon achieving specified contractual milestones or other conditions. The amount will be classified to trade receivable when the Company's right to consideration becomes unconditional.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 12

Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
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		
5,26,82,150 (Previous Year: 26,82,150) Equity Shares of ₹ 10/- each fully paid up	5,268.22	5,268.22
Total Equity Share Capital	**5,268.22**	**5,268.22**

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

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	5,26,82,150	5,268.22	26,82,150	268.22
Changes in equity share capital during the year	-	-	5,00,00,000	5,000.00
Equity Shares at the end of the year	**5,26,82,150**	**5,268.22**	**5,26,82,150**	**5,268.22**

a. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity share of INR 10 each in the company. The infusion of the amount happened on October 27, 2023 and share allotment was made to Hazel infra limited on August 07, 2024.

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

INR in Lakhs

Shares held by	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	% Holding	No. of Shares	% Holding
Hazel Infra Limited	4,73,61,253	89.90%	5,00,00,000	94.91%

12.3 Terms and Rights attached to Equity Shares:

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

Notes to Standalone Financial Statements

for the year ended March 31, 2026

12.4 Shares held by Promoters and Promoter group in the Company at the end of the year

Shares held by	As at March 31, 2026			As at March 31, 2025		
	No. of Shares	% Holding	% Change	No. of Shares	% Holding	% Change
With Promoter						
Hazel Infra Limited	4,73,61,253	89.90%	-5.01%	5,00,00,000	94.9%	100.00%
With Promoter group	-	-	-	-	-	-

Note No. - 13

Other Equity

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Capital Reserve				
Opening Balance	79,745.87		79,745.87	
Additions during the year	-		-	
		79,745.87		79,745.87
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
Other Reserve				
Opening Balance	22,791.35		22,791.35	
Additions during the year	-		-	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	(2,28,798.68)		(2,10,649.38)	
Add:- Profit(loss) for the year as per profit or loss statement	(22,750.97)		(18,149.30)	
		(2,51,549.65)		(2,28,798.68)
Other Comprehensive Income				
Opening Balance	169.89		169.89	
Add: Movement During the year (net)	-		-	
		169.89		169.89
Total Other Equity		**1,168.79**		**23,919.76**

Nature and Purpose of Reserves :

Capital Reserve:

a) 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.

b) Further increase in capital reserve during the financial year 2022-23 is on account of extinguishment of value of equity capital based on the resolution plan apporved Hon'ble NCLT Ahemdabad bench. (Number of shares extinguished 734,909,113 of INR 10 each amounting to INR 73,490.91 lakhs)

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 14

Borrowings

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Secured Loans		
From Bank	1,01,440.82	1,14,400.00
Unsecured Loans		
Body Corporates	1,71,065.20	1,09,969.00
Total Borrowings	**2,72,506.02**	**2,24,369.00**

14.1 As per approved resolution plan of the Company, as on 31 March 2025, an amount of INR. 1,14,400 Lakh was payable to secured financial creditors beyond 31 March 2026. The same is fully paid off during the year.

14.2 The Company has availed a Rupee Term Loan facility of INR. 1,02,017.27 Lakhs (Previous Year: INR. Nil) from NaBFID, secured by a first pari-passu charge on immovable and movable fixed assets, intangible assets. The loan is also secured by second pari passu charge on trade receivables, inventories, book debts and other current assets of the Company, both present and future, subject to the rights of working capital lenders in accordance with the financing documents. The loan carries an interest rate linked to the 1-year NaBFID Lending Rate plus a spread of 1.25%, with a door-to door tenor of 10.75 years and structured quarterly repayments with moratorium of nine months. The facility is further secured by corporate guarantees and is subject to various financial and non financial covenants.

14.3 During the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 61,096.20 lakhs.

Note No. - 15

Provisions

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Employee Benefits	43.01	43.01
Total Provisions	**43.01**	**43.01**

Note No. - 16

Short Term Borrowings

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Secured Loans		
Banks	0.00	18,800.00
Total Short Term Borrowings	**-**	**18,800.00**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 17

Trade Payables

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Micro and Small Enterprises	160.94	1,214.67
Others	3,752.26	4,437.89
Total Trade Payables	**3,913.20**	**5,652.56**

17.1 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:

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Principal amount remaining unpaid	160.94	1,214.67
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 along with principal payments made	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	0.79	0.79
Interest remaining due and payable even in succeeding years	0.79	0.79

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

17.3 Aging of Trade payables.

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2026
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	
MSME	160.94	-	-	-	160.94
Others	2,886.49	536.49	2.20	327.08	3,752.26
Disputed Dues - MSME	-	-	-	-	-
Disputed Dues - Other	-	-	-	-	-
Total	**3,047.43**	**536.49**	**2.20**	**327.08**	**3,913.20**

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31, 2025
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	
MSME	1,212.17	-	-	-	1,212.17
Others	2,268.85	1,814.01	3.72	351.31	4,437.89
Disputed Dues - MSME	-	2.50	-	-	2.50
Disputed Dues - Other	-	-	-	-	-
Total	**3,481.02**	**1,816.51**	**3.72**	**351.31**	**5,652.56**

Notes to Standalone Financial Statements
for the year ended March 31, 2026

Note No. - 18

Other Current Financial Liabilities

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Creditors for Capital Goods	927.94	2,472.90
Statutory Dues	358.00	230.52
Other Payables	283.64	372.71
Total Other Current Financial Liabilities	**1,569.58**	**3,076.13**

18.1 As per the order issued by the NCLT, the company has made a Provident Fund provision of INR 56 lakh. However, no claims have been made against this provision.

Note No. - 19

Other Current Liabilities

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Advances from Customers	25,478.94	273.88
Total Other Current Liabilities	**25,478.94**	**273.88**

Note No. - 20

Current Provisions

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
For Employee Benefits	-	45.01
Total Current Provisions	**-**	**45.01**

Note No. - 21

Revenue from Operations

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Repairs and Fabrication	4,012.52	703.46
Sales	24,201.35	-
Total Revenue from Operations	**28,213.87**	**703.46**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 22

Other Income

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest Income	271.64	113.17
Interest on ROU	610.29	547.20
Profit on sale of Fixed Assets	-	291.25
Sale of Scrap	2,091.74	36.43
Miscellaneous Income	443.67	62.57
Realised Gain/Loss For Investment	15.86	-
Loan prepayment discount received	12,351.07	-
Total Other Income	**15,784.27**	**1,050.62**

22.1 As per approved resolution plan, an amount of ₹ 1,14,400 Lakh was payable to secured financial creditors beyond March 31st, 2026. The same is fully paid off during the year for ₹ 1,02,048.93 Lakh and prepayment discount of ₹ 12,351.07 Lakh is received for the same.

Note No. - 23

Cost of Materials Consumed

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Equipment and Components	2,056.47	68.91
Total Cost of Materials Consumed	**2,056.47**	**68.91**

Changes in Inventories of Work - in - Progress and Scrap

INR in Lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
At the end of the year			
Work in progress		84,200.00	1,29,169.44
	a	84,200.00	1,29,169.44
Less :- At the beginning of the year			
Work in progress		1,29,169.44	1,29,409.00
	b	1,29,169.44	1,29,409.00
Changes in Inventories	**(b - a)**	**44,969.44**	**239.56**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 24

Other Direct Expense

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Design Software Expenses	549.19	-
Total Other Direct Expense	**549.19**	**-**

Note No. - 25

Employee Benefits Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, Wages and Allowances	3,556.62	2,155.56
Contribution to Provident and Other Funds	50.48	33.22
Total Employee Benefits Expenses	**3,607.10**	**2,188.78**

25.1 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

INR in Lakhs

Particulars	2025-26	2024-25
Employers Contribution to Provident Fund	19.13	13.77
Employers Contribution to Pension Fund	31.35	19.45
Total	**50.48**	**33.22**

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 Standalone Financial Statements

for the year ended March 31, 2026

a) Gratuity (Funded)

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

INR in Lakhs

Particulars	2025-26	2024-25
Defined Benefit Obligation at beginning of the year	66.56	29.51
Current Service Cost	37.66	22.36
Past Service Cost	0.00	-
Current Interest Cost	4.68	2.21
Actuarial (Gain) / Loss	7.45	12.48
Benefits paid / reversed		
Defined Benefit Obligation at end of the year	116.35	66.56

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

INR in Lakhs

Particulars	2025-26	2024-25
Fair Value of Plan Assets at the beginning of the year	144.83	134.51
Expected Return on Plan Assets	9.41	9.54
Actuarial Gain / (Loss)	1.59	0.78
Fair Value of the Assets at the end of the year	155.83	144.83

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

INR in Lakhs

Particulars	2025-26	2024-25
Fair Value of Plan Assets at the end of the year	155.83	144.83
Present Value of Defined Benefit Obligation at end of the year	116.35	66.56
Liabilities / (Assets) recognised in the Balance Sheet	(39.48)	(78.27)

iv) Expenses recognised during the year:

INR in Lakhs

Particulars	2025-26	2024-25
Current & Past Service Cost	37.66	22.36
Past Service Cost	-	-
Interest Cost	4.68	2.21
Expected Return on Plan Assets	(9.41)	(9.54)
Net Cost Recognised in profit or loss	32.93	15.03
Actuarial (Gain) / Loss recognised in other comprehensive income	0.00	11.70

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31,2026, and March 31, 2025, since there is no liability to be reversed in the books of accounts.

v) Assumptions used to determine the defined benefit obligations:

Particulars	2025-26	2024-25
Mortality Table (LIC)	IALM (2012-14) Ult	
Discount Rate (p.a.)	6.70%	6.50%
Estimated Rate of Return on Plan Asset	6.70%	6.50%
Expected Rate of increase in Salary (p.a.)	10.00%	10.00%

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	Effect on Gratuity Obligation Increase/(Decrease)	
	2025-26	2024-25
Defined Benefit Obligation - Discount Rate + 100 basis points	(3.65)	(2.85)
Defined Benefit Obligation - Discount Rate - 100 basis points	3.95	3.13
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	3.56	2.67
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(3.60)	(2.64)
Defined Benefit Obligation - Withdrawal Rate - 25% increase	(9.35)	(4.07)
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	11.47	4.91

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

vii) Risk Exposure :

1 **Investment Risk:** The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.

2 **Interest Risk:** A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan debt investment.

3 **Liquidity Risk:** The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

4 **Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

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

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

INR in Lakhs

Particulars	2025-26	2024-25
0 to 1 Year	53.35	53.35
2-5 Years	45.12	24.54
More than 5 Years	44.96	31.7

b) Leave Encashment (Unfunded)

During the FY 2020-21, The Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

Consequently as there is no liability towards the leave encashment acturial valuation has not been carried out.

Note : Above details are captured from the Actuarial report. The Company had certain gratuity liability Pre-CIRP and also making certain provision for the Post-CIRP basis the calculation done by HR department of the company.

As per the actuarial valuation report there is net assets position. However, Company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity and leave encashment in note no. 15 will not match with above disclosure.

Note No. - 26

Finance Costs

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Int On Secured Long Term Loans	173.15	1,072.15
Interest on Lease Liability	882.27	1,020.81
Other Borrowing Costs	176.03	0.54
Amortised processing fees	0.55	
Total Finance Costs	**1,232.00**	**2,093.50**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No. - 27

Other Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumables, Stores and Spares	627.33	174.19
Power, Fuel and Water	931.37	701.56
Repairs and Maintenance	1,017.55	79.44
Labour / Fabrication and Subcontractor Charges	1,569.68	1,137.56
Equipment Hire Charges	341.39	251.79
Rent	59.24	28.46
Testing and Inspection Charges	19.67	16.23
Insurance	235.42	176.63
Communication Expenses	26.19	4.30
Travelling, Conveyance and Vehicle Hire Charges	334.71	181.75
Legal and Professional Charges	1,596.34	5,524.85
Payment to Auditors (refer note 27.1)	16.68	17.03
Security Expenses	322.00	378.21
Business development	171.45	-
Director's Sitting Fees	38.50	35.00
Subscription for Software	128.12	-
Ineligible GST Credit	17.88	35.78
Unrealised Gain/Loss For Investment	49.97	-
Loss on Sale of Fixed Assets	32.28	-
Donation	15.00	-
Penalties & Fines	135.48	7.31
Noc Fees	70.00	-
Miscellaneous Expenses	251.92	252.05
Total Other Expenses	**8,008.17**	**9,002.14**

27.1 Payment to Auditors includes

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit Fees	16.30	16.30
Certification Charges	0.38	0.73
Total Payment to Auditors includes	**16.68**	**17.03**

Note No.-28

Exceptional item

The company has recognized the Right-of-Use (ROU) asset related to the security deposit in the previous financial year retrospectively from F.Y. 2022–23 (being the year in which the effect of the approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 222.64 lakhs has been reported in exceptional item in the financial statement of FY 2024-25.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No.-29

Earnings Per Share (Basic and Diluted)

INR in Lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
Loss attributable to the Equity Shareholders		(22,750.97)	(18,149.30)
Amount available for calculation of Basic and Diluted EPS	(a)	(22,750.97)	(18,149.30)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	5,26,82,150	3,51,47,903
Basic and Diluted Earnings per share of INR 10/- each (in INR)	(a) / (b)	(43.19)	(51.64)

In FY 2024-25, the basis of earnings per share (EPS) changed due to an increase in equity following the allotment of shares to Hazel Infra Limited. This led to a higher weighted average number of shares. This increased the total number of shares, which lowered the EPS.

Note No.-30

Contingent Liabilities and Commitments

30.1 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)

INR in Lakhs

Sr. No.		Particulars	As at March 31, 2026	As at March 31, 2025
a)	Guarantees given by Company's Bankers			
	I)	Other Bank Guarantees		
		(Bank Guarantees are provided under contractual/ legal obligations.)	36,971.99	72.96
b)	Contingent Liabilities*			
	(i)	Disputed Excise Duty/Custom Duty demands/ Goods and Service tax	1,482.12	1,416.74
	(ii)	Disputed Income Tax demands	120.00	675.17
c)	Commitments:			
	(i)	Capital commitments		
		Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	11,156.91	10,100.83

*Contingent liability matters are related to the pre CIRP period and CIRP period.

Note No.-31

The Company has issued a Bond cum legal undertaking for INR 10,000 lakhs (Previous Year: INR 10,000 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 INR 15,300 lakhs (Previous Year : INR 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 INR 1,350 lakhs (Previous Year: INR 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 Standalone Financial Statements

for the year ended March 31, 2026

Note No.-32

Going Concern

The financial statement for the period and year ended March 31, 2026 have been prepared on going concern assumptions by the Board of Directors of the Company.

Note No.-33

Leases

The Company has entered into a non-cancellable leasing agreements for Land and Infrastructure Facilities for a period between 5 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub-leases. There are no contingent rents. Disclosures as required under Ind AS 116 on "Lease" are given below:

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

INR in Lakhs

Particulars	Prepaid Lease	Land and Office Building	Total
As at March 31, 2024	-	5,999.82	**5,999.82**
Additions	2,249.88	48.20	**2,298.08**
Depreciation expense	581.12	1,213.68	**1,794.80**
As at March 31, 2025	1,668.76	4,834.34	**6,503.10**
Additions	11.03	313.75	**324.78**
Depreciation expense	584.32	1,299.09	**1,883.41**
As at March 31, 2026	1,095.47	3,849.00	**4,944.47**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Opening balance	**7,356.46**	**8,494.84**
Addition during the year	313.75	48.20
Accretion of interest	882.27	1,013.05
Payments of lease liability	(2,307.67)	(2,199.63)
Closing balance	**6,244.81**	**7,356.46**

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Current	1,677.16	1,353.50
Non-current	4,567.65	6,002.96

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

The following are amounts recognised in profit or loss:

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Depreciation expense of right-of-use assets	1,883.41	1,794.80
Interest expense on lease liabilities	882.27	1,013.05
Expense relating to short-term leases (included in other expenses)	59.24	28.46
Total amount recognised in profit or loss	**2,824.92**	**2,836.31**

Future minimum lease payments under non-cancellable lease:

INR in Lakhs

Sr. No.		Particulars	March 31, 2026	March 31, 2025
1		Amount debited to Statement of Profit and Loss during the year		
	1.1	Interest on Lease liability (Included as part of finance cost)	882.27	1,013.05
	1.2	Depreciation on Right of Use Assets (Included as part of Depreciation and amortisation expenses)	1,883.41	1,794.80
2		Maturity analysis of Lease liability		
	i	Due in first year	2,370.53	2,208.67
	ii	Due in second to fifth year	2,876.65	4,621.88
	iii	Due after fifth year	9,062.87	9,411.43

Amount recognised in the statement of cash flows:

INR in Lakhs

Particulars	April 2024 to March 2026	April 2023 to March 2025
Total cash outflow for leases	2,366.91	2,228.09

Note No.-34

Segment Reporting

The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2026, and in respect of assets/ liabilities as at March 31, 2026.

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 **Revenue from Major Customers :**

Revenue from operations includes INR 16,672 lakhs (Previous Year: 692.48) from Two customers (Previous Year: Four) having more than 10% of the total revenue.

Notes to Standalone Financial Statements
for the year ended March 31, 2026

Note No.-35

Related Party Disclosures

a) List of Related parties

1	**Ultimate Holding Company**	
	Swan Corp Limited erstwhile Swan Energy Limited	
2	**Immediate Holding Company**	
	Hazel Infra Limited	
3	**Subsidiary Companies**	**Status**
	Reliance Technologies and Systems Private Limited (RTSPL)	Ongoing
	PDOC Pte. Ltd. (PDOC)	Ongoing
4	**Associates**	
	Conceptia Software Technologies Private Limited	Ongoing
5	**Key Managerial Personnel**	**Position**
	Mr. Nikhil Vasantlal Merchant	Chairman & Managing Director
	Mr. Paresh Vasantlal Merchant	Director
	Mr. Bhavik Nikhil Merchant	Director
	Mr. Vivek Paresh Merchant	Director
	Mr. Arvind Jayasing Morbale	Whole-time Director
	Mr. Ashishkumar Bairagra (upto: 20-02-2026)	Independent Director
	Mr. Kaiyoze Beji Billimoria	Independent Director
	Mr. Arun Sinha	Independent Director
	Mr. Prabhakar Reddy Patil	Independent Director
	Ms. Maya Swaminathan Sinha	Independent Director
	Mr. Jayarama Krishnan Kannan (w.e.f. 31-03-2026)	Independent Director
	Mr. Vishant Shetty (upto: 22-06-2025)	Company Secretary
	Mr. Vipin Kumar Saxena (w.e.f. 10-10-2024)	Chief Executive Officer
	Mr. Rishi Chopra (upto 22-11-2024)	Chief Executive Officer
	Mr. Rajesh Bhardwaj (w.e.f. 22-11-2024)	Chief Financial Officer
	Ms. Priti P. Dave (w.e.f. 17-12-2025)	Company Secretary

Note:

1 The Company Secretary of the Company, Mr. Vishant Shetty, has tendered his resignation, effective June 22, 2025. The position of Company Secretary has been subsequently filled by the appointment of Ms. Priti P. Dave, effective December 17, 2025.

2 E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company is admitted for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad since December 9, 2020. The CIRP process was completed as per the NCLT order dated December 4, 2023 which was set-aside, but the same is challenged and now pending for final hearing before the Supreme court of India. Company has already impaired this investment.

Although the Company continues to hold 100% of the equity share capital of ECPL, the management has assessed that the Company does not have control over ECPL in accordance with Ind AS 110. Hence ECPL has not been considered a related party for the purposes of disclosures under Ind AS 24.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

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 and closing balance with Ultimate Holding Company "Swan Corp Limited erstwhile Swan Energy Limited" for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Purchase of Goods	4.98	3.03	-	-
Information consulting and support services (SAP)	150.34	0	-	-

2 Transactions and closing balance with Immediate Holding Company "Hazel Infra Limited" for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Unsecured Loan	61,096	80,595	1,71,065	1,09,969

3 Transactions and closing balance with Associates for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Purchase of Goods	5.5	-	-	-
Dividend received	-	1.12	-	-
Non Current Investment	-	-	153.49	153.49
Non Current Investment	-	-	-	-

4 Remuneration Paid to the Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2025-26	2024-25
Mr. Arvind Morbale	Executive Director	84.57	77.69
Mr. Vipin Kumar Saxena	Chief Executive officer	150.13	58.08
Mr. Rajesh Bhardwaj	Chief Financial officer	81.47	25.61
Mr. Vishant Shetty	Company Secretary	6.70	20.66
Ms. Priti P. Dave	Company Secretary	14.83	-

Notes to Standalone Financial Statements

for the year ended March 31, 2026

5 **Director Sitting Fees Paid to Key Management Personnel**

INR in Lakhs

Name of the KMP	Designation	2025-26	2024-25
Mr. Ashish K Bairagra	Independent Director	8.50	9.00
Mrs. Maya Swaminathan Sinha	Independent Director	7.00	6.50
Mr. Prabhakar Reddy Patil	Independent Director	9.00	7.00
Mr. Kaiyoze Billimoria	Independent Director	10.00	9.50
Mr. Arun Sinha	Independent Director	4.00	3.00

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.

Note No.-36

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 INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Equity	5,268.22	5,268.22
Retained Earnings	1,168.79	23,919.76
Total (A)	**6,437.01**	**29,187.98**
Borrowing		
Non-Current	2,72,506.02	2,24,369.00
Current	-	18,800.00
Total (B)	**2,72,506.02**	**2,43,169.00**
Capital Gearing Ratio (B/A)	42.33	8.33

Note No.-37

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

The Company derives revenue primarily from shipbuilding and related engineering contracts. Revenue is recognised over time as the performance obligations are satisfied, based on the measure of progress towards complete satisfaction of the performace obligaitons.

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No.-38

Other Statutory Information

(a) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible assets during the year.

(b) The Company has not given any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment granted to promoters, directors, KMPs and related parties.

(c) The Company has not used borrowings for purpose other than specified purpose of the borrowing. Further, there is no delay in creation of charges with ROC beyond the statutory period.

(d) The Company does not have any Benami Property. Further, there are no proceedings initiated or are pending against the Company for holding any Benami Property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(e) The Company did not have any transactions with any struck-off companies during the year.

(f) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year.

(g) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(i) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(j) The Company has been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

(k) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(l) The Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHI") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which inter alia provides for the following:

1. Reduction and re-organisation of the capital of the Transferee Company.
2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHI will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued

to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

As on 31st March, 2026, the Company had received the requisite approvals from the Stock Exchanges for proceeding with the filing of the Petition before the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"). Pursuant thereto, the Company filed the Petition with the Hon'ble NCLT on 27th March, 2026.

Subsequent to the date of the financial statements, the following developments have taken place in the matter:

The Order of the Hon'ble NCLT was received on 13th April, 2026 and updated order was received on 16th April, 2026.

Pursuant to the said Order, the NCLT-convened Extraordinary General Meeting ("EGM") of the shareholders of the Company was duly held on 25th May, 2026, and the requisite shareholders' approval has been obtained.

(m) All the charges of the Company as appearing on the MCA portal are in the process of being satisfied / modified to give effect of the approved resolution plan as entered into with the financial creditors.

Note No.-39

Financial Instruments - Evaluation of risks

Accounting classification and fair values

A Carrying Value as on reporting date & Fair Value hierarchy:

The following table shows carrying amount and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

INR in Lakhs

Particulars		March 31, 2026				Fair Value Hierarchy			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial Assets									
(i)	Investments in Mutual Funds	25,140.43	-	-	**25,140.43**	25,140.43	-	-	**25,140.43**
(ii)	Investments in Associate	-	-	153.49	**153.49**			153.49	**153.49**
(ii)	Other Financial Assets	-	-	881.29	**881.29**	-	-	881.29	**881.29**
Total		**25,140.43**	**-**	**1034.78**	**26,175.21**	**25,140.43**	**-**	**1,034.78**	**26175.21**
Current Financial Assets									
(i)	Trade Receivables	-	-	1,231.91	**1,231.91**	-	-	1,231.91	**1,231.91**
(ii)	Cash and Cash Equivalents	-	-	18,401.70	**18,401.70**	-	-	18,401.70	**18,401.70**
(iii)	Bank Balances Other Than(iii) above	-	-	10,484.06	**10,484.06**	-	-	10,484.06	**10,484.06**
Total		**-**	**-**	**30,117.67**	**30,117.67**	**-**	**-**	**30,117.67**	**30,117.67**
Financial Liabilities									
(i)	Lease Liability	-	-	1,677.16	**1,677.16**	-	-	1,677.16	**1,677.16**
(ii)	Trade Payables	-	-	3,913.20	**3,913.20**	-	-	3,913.20	**3,913.20**
(iii)	Other Financial Liabilities			1,569.58	**1,569.58**	-	-	1,569.58	**1,569.58**
Total		-	-	**7,159.94**	**7,159.94**	**-**	**-**	**7,159.94**	**7,159.94**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

INR in Lakhs

Particulars		March 31, 2025				Fair Value Hierarchy			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets									
(i)	Trade Receivables	-	-	45.66	**45.66**	-	-	45.66	**45.66**
(ii)	Cash and Cash Equivalents	-	-	2,837.54	**2,837.54**	-	-	2,837.54	**2,837.54**
(iii)	Bank Balances Other Than(iii) above	-	-	80.44	**80.44**	-	-	80.44	**80.44**
Total		**-**	**-**	**2,963.64**	**2,963.64**	**-**	**-**	**2,963.64**	**2,963.64**
Financial Liabilities									
(i)	Borrowing	-	-	18,800.00	**18,800.00**	-	-	18,800.00	**18,800.00**
(ii)	Lease Liability	-	-	1,353.50	**1,353.50**	-	-	1,353.50	**1,353.50**
(iii)	Trade Payables	-	-	5,652.56	**5,652.56**	-	-	5,652.56	**5,652.56**
(iv)	Other Financial Liabilities			3,076.13	**3,076.13**			3,076.13	**3,076.13**
Total		**-**	**-**	**28,882.19**	**28,882.19**	**-**	**-**	**28,882.19**	**28,882.19**

With respect to disclosure of fair value of financial instruments such as cash and cash equivalents, other bank balances, trade receivables and other receivables, other current financial assets, borrowings and other current financial liabilities at March 31, 2026 and March 31, 2025 are similiar to carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk ; and
- Market risk

The source of risk are as follows -

Risk	Exposure from	Measurement
Credit Risk	Trade Receivable, Cash and cash equivalents, financial assets measured at amortised cost	Credit Ratings
Liquidity Risk	Borrowings, Trade Payables and other liabilities	Cash flow forecast
Market Risk - Interest Rate Risk, Currency Risk and Price Risk	Price risk from investments, currency risk from foreign currency payables	Sensitivity analysis

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which is reviewed by them periodically.

a Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investment in debt securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Company's maximum exposure to credit risk as at March 31, 2026 is the carrying value of each class of financial assets.

i Trade and other receivables

Credit risk on trade receivables is limited based on past experience and management's estimate.

Ageing of trade and other receivables that were not impaired is as follows

Particulars	Closing Balance	
	March 31, 2026	March 31, 2025
Neither Past due nor impaired	1,224.41	-
Past due more than 180 days	7.50	45.66

ii Cash and Cash Equivalents

The Company held cash and bank balance with credit worthy banks of INR 28,885.76 Lakhs at March 31, 2026 (March 31, 2025: INR 2917.98 Lakhs). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

b Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing monthly cash flow projections to monitor liquidity requirements. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i Exposure to Liquidity Risk

The company has outstanding borrowing through Current and Non-Current borrowings from Banks / NBFCs and third parties.

Carrying amounts are as below:

Particulars	March 31, 2026			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	272,506.02	-	196,425.40	76,080.62
Lease Liability (Non-Current)	4,567.65	-	1,128.21	3,439.44
Borrowings* - (Current)	-	-	-	-
Lease Liability (Current)	1,677.16	1,677.16	-	-
Trade Payables	3,913.20	3,913.20	-	-
Other Financial Liabilities (Current)	1,569.58	1,569.58	-	-
Total	**284,233.61**	**7,159.94**	**197,553.61**	**79,520.06**

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Carrying amounts are as below:

Particulars	March 31, 2025			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	224,369.00	-	224,369.00	-
Lease Liability (Non-Current)	6,002.96	-	2,647.57	3,355.39
Borrowings* - (Current)	18,800.00	18,800.00	-	-
Lease Liability (Current)	1,353.50	1,353.50	-	-
Trade Payables	5,652.56	5,652.56	-	-
Other Financial Liabilities (Current)	3,076.13	3,076.13	-	-
Total	**259,254.15**	**28,882.19**	**227,016.57**	**3,355.39**

* The amount shown under 'Borrowings - (Current)' includes advances received from subsidiaries, other related parties and other third parties. These have been received in the ordinary course of business and are repayable on demand.

C Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.

i Currency Risk

The Company is exposed to currency risk on account of its trade and other payables in foreign currency. The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.

ii Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company's exposure to interest rate risk primarily arises from its borrowings carrying floating interest rate, which are linked to benchmark rate prescribed by the respective lender.

iii Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments and units of mutual funds.

a Fair value sensitivity analysis for fixed rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.

b Cash flow sensitivity analysis for variable rate Instruments

The Company is exposed to cash flow interest rate risk primarily in relation to its floating-rate borrowings, which are linked to the NaBFID Lending Rate. Assuming all other variables remain constant, a 100 basis points increase or decrease in the applicable interest rate would result in an increase or decrease, respectively, in the Company's annual finance costs and profit before tax by approximately INR 1,014.41 Lakhs, based on the floating-rate borrowings outstanding as at the reporting date. The analysis assumes that the outstanding borrowings and all other variables remain unchanged throughout the period.

D Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

INR in Lakhs

Particulars	2025-26	2024-25
Foreign exchange earnings	28,043.03	-
Expenditure in foreign currency	3,695.74	1,410.22

Note No.-40

Ratios

Particulars		Numerator	Denominator	March 31, 2026	March 31, 2025	Variance	Remark
(a)	Current Ratio	Current Assets	Current Liability	**4.49**	**5.05**	11.09	Not applicable
(b)	Debt-Equity Ratio	Total Debt	Total Equity	**42.33**	**8.33**	(408.16)	During the previous year, the Company was primarily engaged in restoration and revival activities aimed at re-establishing its business infrastructure for ship building operations. Consequently, regular business/operating activity was limited during that period.
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	**(0.06)**	**(0.04)**	(50.00)	
(d)	Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	**(1.28)**	**(0.47)**	(172.34)	
(e)	Inventory turnover ratio	Revenue from Operation	Average Inventory	**0.24**	**0.005**	(4700)	
(f)	Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	**44.17**	**30.81**	(43.36)	During the current year (FY 2025-26), the Company commenced receiving orders, resulting in a gradual increase in business and operational activity, which was not present in the corresponding previous year. As a result, the financial figures and consequent ratios for the current year are not comparable with those of the previous year, and the variance in the ratios (where exceeding 25%) is primarily attributable to this factor.
(g)	Trade payables turnover ratio	Trade purchases	Average Trade payable	**(8.84)**	**(0.08)**	(10,950.00)	
(h)	Net capital turnover ratio	Revenue from Operation	Working Capital	**0.25**	**0.01**	(2,400.00)	
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	**(0.81)**	**(25.80)**	96.86	
(j)	Return on Capital employed	EBIT	Capital employed	**(0.08)**	**(0.06)**	(33.33)	
(k)	Return on investment	Net return on investment	Cost of investment	**0.01**	**0.07**	85.71	

Notes to Standalone Financial Statements

for the year ended March 31, 2026

Note No.-41

Other

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

Net amount of INR 4,211.91 lakhs was payable to various overseas parties. The amount to be paid as per approved resolution plan against these amount is NIL. Hence the same is written back in the FY 2022-23 and the Company is in process of doing necessary compliance with RBI and FEMA.

As per our report of even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN:26038979TDOLHS9486

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Rajesh Bhardwaj
Chief Financial Officer

Priti P. Dave
Company Secretary
Membership No. A19469

Place : Mumbai
Date : May 27, 2026

Independent Auditors' Report

To

The Members of **Swan Defence and Heavy Industries Limited**
CIN No. L35110GJ1997PLC033193

Report on the Audit of the 'Consolidated Financial Statements' (CFS)

Opinion

We have audited the accompanying Consolidated Financial Statements of Swan Defence and Heavy Industries Limited (hereinafter referred to as "the Parent Company") and its subsidiaries (Parent Company and its Subsidiaries together referred to as "the Group") which include the Group's share of profit in its associate, which comprises the Consolidated Balance Sheet as at March 31, 2026, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group and its associates as at March 31, 2026, their consolidated loss (including consolidated other comprehensive loss), their consolidated changes in equity and their consolidated cash flows for the year then ended

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. Carrying value of Property, Plant and Equipment and Capital Work in Progress (Notes 2(B) and 2.2 to 2.4) Property, Plant and Equipment of INR 1,13,750.69 lakhs and Capital Work in Progress of INR 16,593.17 lakhs together constitute a significant portion of total assets. The Company has initiated a major refurbishment/restoration drive and costs incurred on assets where refurbishment is incomplete are carried as Capital Work in Progress. The assessment of costs eligible for capitalisation and of indicators of impairment involves management judgement, and accordingly we determined this to be a key audit matter.	• Tested, on a sample basis, the costs capitalised to Capital Work in Progress with reference to underlying supporting records; • Reviewed the ageing of Capital Work in Progress and management's plans for completion of the pending projects; and • Evaluated management's assessment of indicators of impairment and assessed the adequacy of the related disclosures.
2. Recoverability of the security deposit given to E-Complex Private Limited (Note 6) The Company has given a refundable security deposit of INR 7,370 lakhs to E-Complex Private Limited ("ECPL") against SEZ land taken on lease, carried at a present value of INR 6,060.13 lakhs under Ind AS 116. Litigation arising from the CIRP of ECPL is pending before the Hon'ble Supreme Court of India. Management has assessed that, so long as the Company remains in possession of the leased land, no diminution in the value of the deposit is expected. Considering the amount involved and the judgement in assessing recoverability, we determined this to be a key audit matter.	• Read the lease agreements for the SEZ land and reviewed the status of the litigation from the orders and records made available to us; • Evaluated management's assessment of continued possession of the land and of the recoverability of the deposit, including its measurement at present value under Ind AS 116; and • Assessed the adequacy of the disclosures made in Note 6.
3. Going concern basis of accounting (Note 32) The Company incurred a net loss of INR 22,750.97 lakhs during the year and has significant accumulated losses. Management has prepared the financial statements on a going concern basis having regard to the continuing financial support from the promoter group, the available liquidity and the recommencement of operations during the year. Considering the judgement involved in this assessment, we determined this to be a key audit matter.	• Obtained and evaluated management's assessment of the going concern assumption, including the expected cash flows and the sources of funding; • Verified the funding received during the year, including the interest-free unsecured loans from the promoter group company, and the completion of payments to the financial creditors under the approved resolution plan; and • Assessed the adequacy of the disclosures made in Note 32.

Emphasis of Matter Paragraph

i. We draw your attention to Note 3.3 of accompanying CFS which states that as per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31, 2026. There are three subsidiaries of the company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate company. The following wholly-owned subsidiaries are not considered in the consolidation of the financials statement.

Sr. No.	Name of the Company	Nature of Entity	Status
1	E Complex Private Limited	Wholly Owned Subsidiary	Under CIRP
2	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
3	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active

The group's share of total comprehensive income of these subsidiaries for the year ended March 31, 2026 have not been included in CFS. Accordingly, we do not report in terms of sub-section (3) of Section 143 (including Rule 11 of the Companies (Audit and Auditors) Rules, 2014) of the Act including report on Other Information in so far to the extent these relate to the aforesaid subsidiaries and associate company. In our opinion and according to the information and explanations given to us by the Management, this financial statements/financial information pertaining to the above mentioned subsidiaries are not material to the Group.

ii. We draw your attention to Note 2 (B) of accompanying CFS which states that the Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2026, the cost incurred is shown as Capital Work in Progress.

iii. We draw attention to Note 2.2, 2.3 and 2.4 of accompanying CFS which states that the Capital Work in Progress (net of impairment) includes assets under construction and installation amounting to INR 16,593.17 lakhs. Of these, projects amounting to INR 1,070.05 lakhs are in progress for a period of less than one year, projects amounting to INR 11,854.12 lakhs are in progress for a period of one to two years, and projects amounting to INR 3,669.00 lakhs are in progress for more than three years.

iv. We draw attention to Note 5.2 of accompanying CFS which states that 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.

v. We draw attention to Note 6.1 of accompanying CFS which states that as on March 31, 2026, an amount of INR 7,370.00 Lakhs has been given as a refundable deposit to E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company, as per the lease agreements executed with ECPL . This deposit is represented in financial as on March 31, 2026 at present value of INR 6,060.13 Lakhs (Previous Year INR 5,458.58 Lakhs) as per IND AS 116,. which is presented as " Security Deposits with Others ". Please refer Note- 35 on Related Party Transactions for more detail.

vi. We draw attention to Note 14.2 of accompanying CFS which states that the Company has availed a Rupee Term Loan facility of INR 1,02,017.27 Lakhs (Previous Year: INR. Nil) from NaBFID, secured by a first pari-passu charge on immovable and movable fixed assets, intangible assets. The loan is also secured by second pari passu charge on trade receivables, inventories, book debts and other current assets of the Company, both present and future, subject to the rights of working capital lenders in accordance with the financing documents. The loan carries an interest rate linked to the 1-year NaBFID Lending Rate plus a spread of 1.25%, with a door-to door tenor of 10.75 years and structured quarterly repayments with moratorium of nine months. The facility is further secured by corporate guarantees and is subject to various financial and nonfinancial covenants.

vii. We draw your attention to Note 14.3 of accompanying CFS which states that during the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 61096.20 lakhs.

viii. We draw your attention to Note 35 (a) note 2 of accompanying CFS which states that 'E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company is admitted for Corporate Insolvency

Resolution Process (CIRP) with NCLT Ahmedabad since December 9 2020. The CIRP process was completed as per the NCLT order dated December 4, 2023 which was set-aside, but the same is challenged and now pending for final hearing before the Supreme court of India. Company has already impaired this investment. Although the Company continues to hold 100% of the equity share capital of ECPL, the management has assessed that the Company does not have control over ECPL in accordance with Ind AS 110. Hence ECPL has not been considered a related party for the purposes of disclosures under Ind AS 24.

ix. We draw your attention to Note 38(l) of accompanying CFS which states that (l) the Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited ("the Transferor Company" or "TOPL") and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] ("the Transferee Company" or "SDHI") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which inter alia provides for the following:

1. Reduction and re-organisation of the capital of the Transferee Company.

2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHI will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

As on 31st March, 2026, the Company had received the requisite approvals from the Stock Exchanges for proceeding with the filing of the Petition before the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"). Pursuant thereto, the Company filed the Petition with the Hon'ble NCLT on 27th March, 2026. Subsequent to the date of the financial statements, the following developments have taken place in the matter:

The Order of the Hon'ble NCLT was received on 13th April, 2026 and updated order was received on 16th April, 2026.

Pursuant to the said Order, the NCLT-convened Extraordinary General Meeting ("EGM") of the shareholders of the Company was duly held on 25th May, 2026, and the requisite shareholders' approval has been obtained.

Our opinion on the accompanying CFS is not modified in respect of the above mentioned matters.

Information Other than the Financial Statements and Auditor's Report Thereon

i. The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditors' report thereon. The Directors report is expected to be made available to us after the date of this auditor's report.

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

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

iv. If, based on the work we have performed, we conclude that there is any material inconsistency, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the CFS

i. The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these CFS that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

ii. In preparing the CFS, the respective Board of Directors of companies included in the Group are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

iii. The respective Board of Directors of companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the respective companies.

Auditor's Responsibilities for the Audit of the CFS

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

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

- Identify and assess the risks of material misstatement of the CFS, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the CFS, including the disclosures, and whether the CFS represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we

are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the CFS that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the CFS may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the CFS.

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

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

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

Other Matters

i. The consolidated financial statements also include the group's share of net profit after tax amounting to INR 160.06 lakhs for year ended March 31, 2026 and other comprehensive income of INR (6.34) Lakhs for year ended March 31, 2026, as considered in the consolidated financial statements, in respect of one associate whose financial statement/financial information have not been audited by us. The financial statements/ financial information of this associate entity are audited by other auditors whose reports have been furnished to us by the by the Holding Company's management and other auditors, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of section 143 of the Act, including report on Other Information insofar as it relates to the associate, is based on the reports of the other auditors and the procedures performed by us.

ii. In case of three subsidiaries, the financial statements/ financial information for the year ended March 31, 2026, are not available. In absence of the aforesaid financial statements/ financial information, the same have not been included in the audited consolidated financial statements. In our opinion and according to information and explanation given to us by the management, this financial information is not material to the group.

   Our opinion on the accompanying CFS is not modified in respect of the above-mentioned matter.

Report on Other Legal and Regulatory Requirements

(A) With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the Consolidated Financial Statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said respective companies.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid CFS comply with the Ind AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Group as on March 31, 2026, taken on record by the Board of Directors of the Holding company and subsidiary companies, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statement.

ii. Bases on the representations by the company, we have noted that Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

iii. Based on the latest available secretarial audit report and representations from the company, we noted that company is not required to transfer amounts to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

v. The company have not declared or paid any dividend during the year and have not proposed a final dividend for the year.

vi. Based on our examination, which included test checks and that performed by the us and respective auditors of the associates, which are companies incorporated in India whose financial statements have been audited under the Act, the Company and its associates have used accounting software for maintaining its books of account for the financial year ended March 31, 2026 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and the respective auditors of above referred associates did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Holding company and its associate as per the statutory requirements for record retention.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For N.N Jambusaria & Co.
Chartered Accountants
Firm Reg No.104030W

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 26038979JGMMPM7147

Place: Mumbai
Date: 27/05/2026

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

To the Independent Auditor's Report on the CFS of Swan Defence and Heavy Industries Limited for the year ended March 31, 2026

(Referred to in Paragraph (B) (f), under 'Report on other legal and Regulatory Requirements section of our report)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the CFS of the Company as of and for the year ended March 31, 2026, we have audited the internal financial controls over financial reporting of Swan Defence and Heavy Industries Limited ('the Company') and its associate, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matter' paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting include those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its associate, which are incorporated in India, have, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2026, based on the internal financial controls over financial reporting criteria established by the respective Companies considering the essential components of internal controls stated in the 'Guidance Note'.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to one associate company which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

For N.N Jambusaria & Co.
Chartered Accountants
Firm Reg No.104030W

Nimesh Jambusaria
Partner
Membership Number.:038979
UDIN: 26038979JGMMPM7147

Place: Mumbai
Date: 27/05/2026

Consolidated Balance Sheet

as at March 31, 2026

INR in Lakhs

Particulars			Notes	As at March 31, 2026	As at March 31, 2025
I		**ASSETS**			
(1)		**Non Current Assets**			
	(a)	Property, Plant and Equipment	2	1,13,750.69	1,11,458.57
	(b)	Right-of-use Assets	2	4,944.47	6,503.10
	(c)	Capital Work-in-Progress	2	16,593.17	15,523.12
	(d)	Intangible Assets	2	36.30	65.11
	(e)	Financial Assets			
		(i) Investments	3	25,820.64	526.49
		(ii) Other Financial Assets	4	881.24	-
	(f)	Deferred Tax Assets (net)	5	-	-
	(g)	Other Non-Current Assets	6	8,296.24	7,632.94
		Total Non-Current Assets (A)		**1,70,322.75**	**1,41,709.33**
(2)		**Current Assets**			
	(a)	Inventories	7	95,208.31	1,40,110.68
	(b)	Financial Assets			
		(i) Trade Receivables	8	1,231.91	45.66
		(ii) Cash and Cash Equivalents	9	18,401.70	2,837.54
		(iii) Bank Balance other than (ii) Above	10	10,484.06	80.44
	(c)	Current Tax Assets (net)		85.71	25.51
	(d)	Other Current Assets	11	20,984.85	4,367.87
		Total Current Assets (B)		**1,46,396.54**	**1,47,467.70**
		TOTAL ASSETS (A+B)		**3,16,719.29**	**2,89,177.03**
II		**EQUITY AND LIABILITIES**			
(1)		**Equity**			
	(a)	Equity Share Capital	12	5,268.22	5,268.22
	(b)	Other Equity	13	1,695.51	24,292.76
		Total Equity (A)		**6,963.73**	**29,560.98**
(2)		**Liabilities**			
2.1		**Non-Current Liabilities**			
	(a)	Financial Liabilities			
		(i) Borrowings	14	2,72,506.02	2,24,369.00
		(ii) Lease Liability		4,567.65	6,002.96
	(b)	Provisions	15	43.01	43.01
		Total Non-Current Liabilities (B)		**2,77,116.68**	**2,30,414.97**
2.2		**Current Liabilities**			
	(a)	Financial Liabilities			
		(i) Borrowings	16	-	18,800.00
		(ii) Lease Liability		1,677.16	1,353.50
		(iii) Trade Payables	17		
		Total outstanding dues of micro and small enterprises		160.94	1,214.67
		Total outstanding dues of creditors other than micro and small enterprises		3,752.26	4,437.89
		(iv) Other Financial Liabilities	18	1,569.58	3,076.13
	(b)	Other Current Liabilities	19	25,478.94	273.88
	(c)	Provisions	20	-	45.01
		Total Current Liabilities (C)		**32,638.88**	**29,201.08**
		TOTAL EQUITY AND LIABILITIES (A+B+C)		**3,16,719.29**	**2,89,177.03**
Material Accounting Policies			1		
Notes forming part of Consolidated Financial Statements			2 to 42		

As per our report of even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN : 26038979JGMMPM7147

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Rajesh Bhardwaj
Chief Financial Officer

Priti P. Dave
Company Secretary
Membership No. A19469

Place : Mumbai
Date : May 27, 2026

Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

INR in Lakhs

	Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
I	Revenue from Operations	21	28,213.87	703.46
II	Other Income	22	15,784.27	1,049.50
III	**Total Income (I + II)**		**43,998.14**	**1,752.96**
IV	**Expenses**			
(a)	Cost of Materials Consumed	23	2,056.47	68.91
(b)	Changes in Inventories of Work in Progress & Scrap	23	44,969.44	239.56
(c)	Other Direct Expenses	24	549.19	-
(d)	Employee Benefits Expenses	25	3,607.10	2,188.78
(e)	Finance Costs	26	1,232.00	2,093.50
(f)	Depreciation and Amortisation Expenses	2	6,326.74	6,087.85
(g)	Other Expenses	27	8,008.17	9,002.14
	Total Expenses (IV)		**66,749.11**	**19,680.74**
V	**Profit / (Loss) before Exceptional Items and Tax (III - IV)**		**(22,750.97)**	**(17,927.78)**
VI	**Exceptional Items**	28		
	Prior Period IndAs Adjustment		-	(222.64)
VII	**Profit / (Loss) Before Tax (V - VI)**		**(22,750.97)**	**(18,150.42)**
VIII	**Tax Expense**			
	- Current Tax		-	-
	- Deferred Tax Credit/ (Reversal)		-	-
	- Income Tax for Earlier Years		-	-
IX	**Profit / (Loss) after tax (VII - VIII)**		**(22,750.97)**	**(18,150.42)**
X	**Add:- Consolidated share in the profit/(loss) of associate**		**160.06**	**46.47**
XI	**Other Comprehensive Income**			
	Other Comprehensive Income to be reclassified to profit and loss in subsequent year			
	Exchange differences on translation of Foreign Operations		-	-
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Items that will not to be reclassified to profit and loss in subsequent year			
	Actuarial gains/(losses) on defined benefit plans		-	-
	Income tax relating to items that will not be reclassified to profit or loss		-	-
	Share of Other comprehensive income of the associate		(6.34)	-
	Total Other Comprehensive Income for the year (XI)		**(6.34)**	**-**
XII	**Total Comprehensive Income for the year (IX + X + XI)**		**(22,597.25)**	**(18,103.95)**
XIII	**Net Profit / (Loss) attributable to:**			
	- Owners		(22,590.91)	(18,103.95)
	- Non Controlling Interests		-	-
XIV	**Other Comprehensive Income / (Loss) attributable to:**			
	- Owners		(6.34)	-
	- Non Controlling Interests		-	-
XV	**Total Comprehensive Income / (Loss) attributable to:**			
	- Owners		(22,597.25)	(18,103.95)
	- Non Controlling Interests		-	-
XVI	**Earnings per Equity Share of INR 10 each**	29		
	- Basic (In INR)		(42.88)	(51.51)
	- Diluted (In INR)		(42.88)	(51.51)
	Material Accounting Policies	1		
	Notes forming part of Consolidated Financial Statements	2 to 42		

As per our report of even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN : 26038979JGMMPM7147

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Rajesh Bhardwaj
Chief Financial Officer

Priti P. Dave
Company Secretary
Membership No. A19469

Place : Mumbai
Date : May 27, 2026

Consolidated Statement of Changes in Equity

for year ended March 31, 2026

A Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	5,26,82,150	5,268.22	26,82,150	268.22
Add: Shares Issued during the year	-	-	5,00,00,000	5,000.00
Equity Shares at the end of the year	**5,26,82,150**	**5,268.22**	**5,26,82,150**	**5,268.22**

B Other Equity

INR in Lakhs

Particulars	Reserve and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other comprehensive income	
As at April 01, 2024	**79,745.87**	**1,50,011.33**	**22,791.35**	**(2,10,321.73)**	**169.89**	**42,396.71**
Add/(Less):						
Loss for the year	-	-	-	(18,103.95)	-	(18,103.95)
Other Comprehensive Income	-	-	-	-	-	-
As at March 31, 2025	**79,745.87**	**1,50,011.33**	**22,791.35**	**(2,28,425.68)**	**169.89**	**24,292.76**
As at April 01, 2025	**79,745.87**	**1,50,011.33**	**22,791.35**	**(2,28,425.68)**	**169.89**	**24,292.76**
Add/(Less):						
Loss for the year	-	-	-	(22,590.91)	-	(22,590.91)
Other Comprehensive Income	-	-	-	-	(6.34)	(6.34)
As at March 31, 2026	**79,745.87**	**1,50,011.33**	**22,791.35**	**(2,51,016.59)**	**163.55**	**1,695.51**

Material Accounting Policies 1
Notes forming part of Consolidated Financial Statements 2 to 42

As per our report of even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN : 26038979JGMMPM7147

Rajesh Bhardwaj
Chief Financial Officer

Place : Mumbai
Date : May 27, 2026

Priti P. Dave
Company Secretary
Membership No. A19469

Consolidated Cash Flow Statement

for the year ended March 31, 2026

INR in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A	**Cash Flow from Operating Activities**		
	Profit / (Loss) before Tax	(22,590.91)	(18,103.95)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	6,326.74	6,087.85
	Interest Income	(271.64)	(113.17)
	Interest on ROU	(610.29)	(547.20)
	Finance Costs	349.18	1,080.46
	Finance Costs ROU	882.27	1,013.04
	Finance Costs Amortised	0.55	-
	Share in profit of Associates	(160.06)	(46.47)
	Balances w/off and impairment	-	42.99
	Exceptional item	-	222.64
	Payment of Rentals	(2,307.67)	(2,199.63)
	Loan prepayment discount received	(12,351.07)	-
	Unrealised loss on Mutual funds	49.97	-
	Operating cash flow before working capital changes	**(30,682.93)**	**(12,563.44)**
	Movement in Working Capital		
	(Increase) / Decrease in Inventories	44,902.37	429.05
	(Increase) / Decrease Other non-current assets	(64.04)	(146.97)
	(Increase) / Decrease Trade and Other Receivables	(17,803.23)	(3,509.82)
	Increase / (Decrease) Trade and Other Payables	21,914.14	6,190.64
	Cash Used in Operations	**18,266.31**	**(9,600.54)**
	Income Taxes (Paid) / Refund	(60.19)	(20.16)
	Net Cash from Operating Activities	**18,206.12**	**(9,620.70)**
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment (Net off sales proceeds)	(6,706.65)	(4,422.85)
	Investment in Mututal fund	(25,190.40)	-
	Increase in Capital Work-in-Progress	(1,070.05)	(11,854.12)
	FD kept with bank	(11,284.86)	(6.56)
	Interest Received	271.64	113.17
	Dividend Received	-	1.12
	Net Cash from Investing Activities	**(43,980.32)**	**(16,169.24)**
C	**Cash Flow from Financing Activities**		
	Finance Costs	(349.18)	(1,080.46)
	Loan taken from NBFC	1,01,440.27	-
	Payment to financial creditors as per approved Resolution plan	(1,20,848.93)	(50,800.00)
	Interest to financial creditors as per NCLT order	-	(1,908.00)
	Borrowings	61,096.20	80,595.00
	Net Cash used in Financing Activities	**41,338.36**	**26,806.54**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**15,564.16**	**1,016.60**
	Cash and Cash Equivalents - Opening balance	2,837.54	1,820.94
	Cash and Cash Equivalents - Closing balance	**18,401.70**	**2,837.54**

Material Accounting Policies 1

Notes forming part of Consolidated Financial Statements 2 to 42

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Previous Year Figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date
For N.N. Jambusaria & Co.
Chartered Accountants
Firm Reg. No. 104030W

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Nimesh N. Jambusaria
Partner
Membership No. 038979
Place : Mumbai
Date : May 27, 2026
UDIN : 26038979JGMMPM7147

Rajesh Bhardwaj
Chief Financial Officer
Place : Mumbai
Date : May 27, 2026

Priti P. Dave
Company Secretary
Membership No. A19469

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note - 1

Statement of Material Accounting Policies

General Information

The financial statements comprise financial statements of Swan Defence and Heavy Industries Limited ("SDHI" or "the Company") for the year ended March 31st, 2026. SDHI 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 BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. SDHI has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels (NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq. ft. has annual capacity of 164,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and one Goliath crane with lifting capacity of 600 tonnes, besides outfitting berth length of 780 meters.

Material Accounting Policies

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

1.1 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.

1.2 Historical Cost Convention:

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

- i Plant & Equipment 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;

1.3 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.

1.4 Use of Estimates:

The preparation of the financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;

b. Measurement of defined benefit obligations;

c. Measurement and likelihood of occurrence of provisions and contingencies;

d. Impairment of investments;

e. Recognition of deferred tax assets; and

f. Measurement of recoverable amounts of cash-generating units.

1.5 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

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.

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

1.6 Other Material Accounting Policies:

I Property, Plant and Equipment:

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

The initial cost of an asset comprises its purchase price (including import duties and non refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

Machinery spares that meet the definition of property, plant and equipment are capitalised;

Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as “Capital work-in-progress”;

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

Assets costing INR 5,000/- or less are charged to the Statement of Profit & Loss in the year of purchase;

Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

Freehold land is not depreciated;

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

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)	47 to 50
Offshore Yard	48 to 50
Site development	32 to 37
Roads, Culverts & Bridge	25
Wall	20
Heavy Fabrication Area	14 to 33
SAP/ Technical Know-How	10
Vehicles & excavator	8 to 15
Computers and accessories	3 to 6
Office equipment	2 to 15
Buildings	10 to 60
Furniture Fixture	1 to 15
Plant and machinery	4 to 30

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. Material additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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

iv. The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

III Investment property:

Investment property is property (land or a building — or part of a building — or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss

IV Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

The intangible assets with a finite useful life are amortised using straight-line method over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

V Fair Value Measurement:

The Company measures certain financial instruments at fair value at each reporting date; as disclosed in note number 39.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities; as disclosed in note number 39.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs);

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

VI Inventories:

i. Inventories comprising Closing stock of raw material, work-in-progress, finished goods and consumables and spares are valued at lower of cost (on weighted average) and net realisable value after providing for obsolescence and other losses, where considered necessary;

ii. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;

iii. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

VII IND AS 116 - Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration. The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use (RoU) asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using Company's incremental borrowing rate on periodic basis. Subsequently, RoU asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in Statement of Profit and Loss using the Company's incremental borrowing rate. If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short-term lease. Lease payments associated with short-term leases are treated as an expense on systematic basis.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

As a Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on systematic basis in the pattern in which benefit from the use of the underlying asset is diminished.

VIII Government Subsidy:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

IX Foreign Currency Transactions:

The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items except for long-term foreign currency monetary items which are accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortised over balance period of liability) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

Non-Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

X Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured a

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till derecognition on the basis of:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any, are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income, if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the

Notes to Consolidated Financial Statements
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Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Preference shares/Debentures:

Preference shares/Debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Preference shares/Debentures, the fair value of the liability component is determined using a market rate for an equivalent non convertible instrument. This amount is classified as financial liability measured at amortized cost (net of transaction cost) until it is extinguished on redemption.

Transaction cost are apportioned between the liability and equity component of the Preference shares/ Debentures based on the allocation of the proceed to the liability and equity component when the instrument are initially recognized.

Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial guarantees:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

Derivative financial instruments:

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

XI Earnings per share:

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

XII Non-currents assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

XIII Impairment of Non-financial Assets:

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

XIV Investment in Subsidiaries:

Investments in equity shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

XV Cash and Cash Equivalents:

Cash and Cash Equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

XVI Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

XVII Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

XVIII Provisions and Contingent Liabilities:

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

XIX Revenue Recognition:

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts:

(i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

(a) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

(b) The Company's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or

(c) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date;

(d) Ship Building Financial Assistance recognised over a period of time in respect of contracts which are eligible under SBFA policy when the management can reliably measure the probable receipt of the same.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

> Based on the nature of the goods, progress w.r.t Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

> For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.

> For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed up to reporting date as the same is representative of the satisfaction of performance obligation subject to entitlement of consideration in exchange of goods and/or services.

(ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.

(iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

(B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo -Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

(D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.

(E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.

(F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the Company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

(G) Variable Consideration:

Variable considerations like discounts, rebates, refunds, credits, price concessions, penalties (liquidated damages) or other similar items in a Contract are accounted on the basis of contractual provisions/ management estimation and the net amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. The promised consideration can vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

(H) Other Income

(i) Rendering of Other Services: Revenue is recognized from rendering of other services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

(ii) Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

(iii) Income from sale of scrap is accounted for on realisation;

(iv) Interest income is recognized using the effective interest rate (EIR) method;

(v) Dividend income on investments is recognised when the right to receive dividend is established;

(vi) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(vii) Rent for the immovable properties is recognised on accrual basis as per the respective agreements with the parties.

XX Borrowing Costs:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

XXI Employee Benefits:

i Short term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

ii. Post-employment benefits:

The Company operates the following post-employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans:

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the 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 obligation is performed at each reporting period end 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 the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

XXII Provision for Current and Deferred Tax:

i. Current tax:

Income-tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

ii. Deferred Tax:

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

XXIII 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.

XXIV Contract Asset:

The Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

XXV Contract Liability:

The Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note - 2

A Property, Plant and Equipment

INR in Lakhs

		Owned Assets						Leased Assets		Intangible Assets	
		Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	Total
I	**Gross Carrying Amount**										
	As at April 01, 2025	52,853.72	4,93,468.85	642.77	509.57	205.48	5,47,680.39	13,745.91	48,448.78	805.95	6,10,681.03
	Additions during the year	3,276.27	2,817.10	81.66	194.19	79.21	6,448.44	324.78	500.66	4.84	7,278.72
	Reclassification	(100.48)	-	100.48	-	-		-	-	-	-
	Deductions	-	4,663.39	-	-	122.06	4,785.45	-	-	-	4,785.45
	As at March 31, 2026	**56,029.51**	**4,91,622.56**	**824.91**	**703.76**	**162.63**	**5,49,343.38**	**14,070.69**	**48,949.44**	**810.79**	**6,13,174.30**
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01, 2025	21,664.73	1,16,542.04	361.52	247.64	190.72	1,39,006.65	7,242.81	17,529.81	376.45	1,64,155.72
	Additions during the year	1,194.40	2,779.43	29.07	84.23	2.82	4,089.95	1,883.41	319.73	33.65	6,326.74
	Deductions	-	3,050.62	-	-	115.54	3,166.16	-	-	-	3,166.16
	As at March 31, 2026	**22,859.13**	**1,16,270.85**	**390.59**	**331.87**	**78.00**	**1,39,930.44**	**9,126.22**	**17,849.54**	**410.10**	**1,67,316.30**
b	**Impairment**										
	As at April 01, 2025	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
	Additions during the year	-	-	-	-	-	-	-	-	-	-
	Deductions	-	1,371.46	-	-	0.53	1,371.99	-	-	-	1,371.99
	As at March 31, 2026	**7,897.39**	**2,93,501.05**	**127.80**	**104.17**	**1.98**	**3,01,632.39**	**-**	**25,129.76**	**364.39**	**3,27,126.54**
III	**Net Carrying Amount as at 31.03.2026**	**25,273.00**	**81,850.66**	**306.52**	**267.72**	**82.65**	**1,07,780.55**	**4,944.47**	**5,970.14**	**36.30**	**1,18,731.46**
Previous Financial Year											
I	**Gross Carrying Amount**										
	As at April 01, 2024	49,833.41	4,91,793.83	505.91	356.06	203.02	5,42,692.23	11,447.83	48,448.78	734.29	6,03,323.13
	Additions during the year on account of recalculation of Right-of-use Assets	3,020.31	1,675.02	136.86	153.51	2.46	4,988.16	2,298.08	-	71.66	7,357.90
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**52,853.72**	**4,93,468.85**	**642.77**	**509.57**	**205.48**	**5,47,680.39**	**13,745.91**	**48,448.78**	**805.95**	**6,10,681.03**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

		Owned Assets						Leased Assets		Intangible Assets	
		Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total Owned Assets	Right-of-use Assets	Leasehold Land and Development	Computer Software*	Total
II	**Accumulated Depreciation and Impairment**										
a	**Accumulated Depreciation**										
	As at April 01, 2024	20,663.01	1,13,593.64	355.57	223.39	190.35	1,35,025.96	5,448.01	17,224.00	369.90	1,58,067.87
	Additions during the year	1,001.72	2,948.40	5.95	24.25	0.37	3,980.69	1,794.80	305.81	6.55	6,087.85
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**21,664.73**	**1,16,542.04**	**361.52**	**247.64**	**190.72**	**1,39,006.65**	**7,242.81**	**17,529.81**	**376.45**	**1,64,155.72**
b	**Impairment**										
	As at April 01, 2024	7,897.39	2,94,872.51	127.80	104.17	2.51	3,03,004.38	-	25,129.76	364.39	3,28,498.53
	Additions during the year	-	-	-	-	-	-	-	-	-	-
	Deductions	-	-	-	-	-	-	-	-	-	-
	As at March 31, 2025	**7,897.39**	**2,94,872.51**	**127.80**	**104.17**	**2.51**	**3,03,004.38**	**-**	**25,129.76**	**364.39**	**3,28,498.53**
III	**Net Carrying Amount as at 31.03.2025**	**23,291.60**	**82,054.30**	**153.45**	**157.76**	**12.25**	**1,05,669.36**	**6,503.10**	**5,789.21**	**65.11**	**1,18,026.78**

* Other than Internally Generated.

Note -

1 There was a large scale damage to Property, Plant and Equipment, Capital Work-in-Progress and Inventories due to cyclone Tauktae which hit company premises during May 2021. Company has taken up the matter with insurance company for assessing the damage and settlement of claims. Pending the outcome no provision has been made in the accounts for period ended March 31st, 2026.

2 During the year management has conducted physical verification of all the fixed assets of the Company.

3 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is completed, the cost incurred is capitalised and it will be written off over balance useful life of the original asset.

INR in Lakhs

		2025-26	2024-25
B	**Capital Work-in-Progress**	16,593.17	15,523.12
C	**Intangible Assets under development**	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

2.1 The Company has initiated major drive for refurbishment/ restoration of some of its existing fixed assets. This will enhance balance useful life of those assets. Accordingly, assets for which refurbishment is not completed as on March 31, 2026, the cost incurred is shown as Capital Work-in-Progress.

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. 14 and 16 to the financial statements.

2.2 Capital Work-in-Progress (net of impairment) includes:

INR in Lakhs

Particulars	2025-26	2024-25
- Assets under construction and installation	16,593.17	15,523.12

2.4 Capital-Work-in Progress (CWIP) disclosure as per notification issued by the Ministry of Corporate Affairs

CWIP	Amount in CWIP for a period of 2025-26				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	1,070.05	11,854.12	-	3,669.00	16,593.17
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP for a period of 2024-25				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	11,854.12	-	-	3,669.00	15,523.12
Projects temporarily suspended	-	-	-	-	-

Completion Schedule of the CWIP of 2025-26

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	12,444.88	4,148.29	-	-	16,593.17
Projects temporarily suspended	-	-	-	-	-

Completion Schedule of the CWIP of 2024-25

CWIP	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	15,523.12	-	-	-	15,523.12
Projects temporarily suspended	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 3

Investments

INR in Lakhs

Particulars	% of holding	Face Value	Numbers 31-Mar-26	Numbers 31-Mar-25	As at March 31, 2026	As at March 31, 2025
Long Term Trade Investments (Unquoted and fully paid up) - Financial Assets measured at cost						
In Equity Instruments of Subsidiary Companies						
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
					12.74	**12.74**
In Equity Shares of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10	1,12,200	1,12,200	680.21	526.49
					680.21	**526.49**
In Equity Shares of Other Company						
E Complex Private Limited (refer note no. 3.4)	100.00%	₹ 10	2,17,09,327	2,17,09,327	1,896.73	1,896.73
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
					1,910.73	**1,910.73**
In Government and Other Securities						
6 years National Savings Certificate					0.05	0.05
(Deposited with Sales Tax Department)						
Less - Impairment of Investments					1,923.52	1,923.52
Mutual fund Investments					25,140.43	-
Total Investments					**25,820.64**	**526.49**

3.1 Refer note no. 1(6)(X) for basis of valuation.

3.2 Aggregate amount of Non-Current Investments

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	25,140.43	-	-	-
Unquoted Investments	680.21	-	526.49	-
Total Investments	**25,820.64**	**-**	**526.49**	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

3.3 As per the applicable accounting framework the entity shall also submit consolidated financial statements for the year ending March 31st, 2026. There are three subsidiaries of the Company and one associate. The subsidiaries of the Company are separate legal entities, also currently few companies are under CIRP Process, under liquidation and non-operational and the company is not able to obtain relevant data from the available contact details of the subsidiaries. In view of the above, the Company has prepared Consolidated Financial Statements incorporating only Conceptia Software Technologies Private Limited, an associate Company. The following wholly-owned subsidiaries are not considered in the consolidation of the financial statements.

Sr. No.	Name of the Company	Nature of Entity	Status
1	PDOC Pte. Limited	Wholly Owned Subsidiary	Active
2	Reliance Technologies and Systems Private Limited	Wholly Owned Subsidiary	Active
3	Conceptia Software Technologies Private Limited	Associate	Active

3.4 Investment in Equity Shares of E Complex Private Limited ("ECPL") an erstwhile wholly-owned subsidiary of the Company, which is presented as "Other Investments". Please refer Note – on Related Party Transactions for more detail.

3.5 Quoted mutual fund investments as carrying amount ₹ 22,550.61 Lakhs (Previous year ₹ Nil) have been pledged as margin money with banks against banking guarantee and are therefore subject to restrictions on their use until the related obligations are discharged.

Note No. - 4

Other Financial Assets

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks		
In Deposit Accounts	881.24	-
Total Other Financial Assets	**881.24**	**-**

4.1 Term deposit amounting to ₹ 881.24 Lakhs (Previous year ₹ Nil) are under lien with banks as margin against bank guarantee. These deposits are subject to restrictions on withdrawal until the related obligations are discharged.

Note No. - 5

Deferred Tax Assets (net)

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, 2026 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.

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

Note No. - 6

Other Non-Current Assets

(Unsecured and considered good)

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Security Deposits with		
Others	8,296.24	7,632.94
Total Other Non-Current Assets	**8,296.24**	**7,632.94**

6.1 An amount of INR 7,370.00 Lakhs has been given as a refundable deposit to E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company, as per the lease agreements executed with ECPL . This deposit is represented in financial as on March 31, 2026 at present value of INR 6,060.13 Lakhs (Previous Year INR 5,458.58 Lakhs) as per IND AS 116,. which is presented as "Security Deposits with Others". Please refer Note – on Related Party Transactions for more detail.

Note No. - 7

Inventories

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	9,953.22	10,423.05
Work-in-Progress	84,200.00	1,29,169.44
Stores and Spares	1,055.09	518.19
Total Inventories	**95,208.31**	**1,40,110.68**

7.1 Refer note no. 1.6(VI) for basis of valuation.

7.2 All the Inventories of the Company are hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 16 to the financial statements.

7.3 During the year management has conducted physical verification of inventory.

Note No. - 8

Trade Receivables

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Trade Receivables Considered Good - Unsecured (Less than 180 days)	1,231.91		45.66	
Trade Receivables Considered Good - Unsecured (More than 180 days)	694.57		695.23	
	1,926.48		740.89	
Less: Provision for Credit Impaired	(694.57)		(695.23)	
		1,231.91		45.66
Total Trade Receivables		**1,231.91**		**45.66**

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

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

8.2 Aging of Trade receivable

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31st, 2026
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables - Considered Good	1,224.41	0.00	0.70	1.27	5.53	1,231.91
Undisputed Trade Receivables - Considered Doubtful					694.57	694.57
Provision					(694.57)	(694.57)
Disputed Trade Receivables Considered Good						
Disputed Trade Receivables Considered Doubtful						
Total	**1,224.41**	**-**	**0.70**	**1.27**	**5.53**	**1,231.91**

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total as at March 31st, 2025
	Less than 6 Months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables - Considered Good	-	0.70	1.27	-	43.69	45.66
Undisputed Trade Receivables - Considered Doubtful					695.23	695.23
Provision					(695.23)	(695.23)
Disputed Trade Receivables Considered good						
Disputed Trade Receivables Considered Doubtful						
Total	**-**	**0.70**	**1.27**	**-**	**43.69**	**45.66**

Note No. - 9

Cash and Cash Equivalents

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks in Current Accounts	304.17	1,233.24
Cash on hand	0.06	0.30
Fixed Deposit	18,097.47	1,604.00
Total Cash and Cash Equivalents	**18,401.70**	**2,837.54**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 10

Bank Balance other than Cash and Cash Equivalents

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks		
In Deposit Accounts	10,484.06	80.44
Total Bank Balance other than Cash and Cash Equivalents	**10,484.06**	**80.44**

10.1 Term deposit amounting to ₹ 10,484.06 Lakhs (Previous year ₹ 80.44 Lakhs) are under lien with banks as margin against bank guarantee. These deposits are subject to restrictions on withdrawal until the related obligations are discharged.

Note No. - 11

Other Current Assets

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Prepaid Expenses		194.74		67.17
Goods and Service Tax		4,933.07		3,414.35
Contract Assets		14,499.15		-
Receivables pertaining to other income	24.11		57.27	
Less: Provision of Income receivable	(16.76)	7.35	(16.10)	41.17
Gratuity claim receivable from LIC		19.47		12.02
Advance against purchase of material / services	45,744.27		45,258.08	
Less: Advance against purchase of material/ services and capital goods Impaired	(44,424.92)	1,319.35	(44,424.92)	833.16
Advance to employees		11.72		
Shipbuilding Contracts Receivables	740.57		740.57	
Less: Shipbuilding Contracts Receivables - Impaired	(740.57)	-	(740.57)	-
Total Other Current Assets		**20,984.85**		**4,367.87**

11.1 Charge is created on the current assets as under:

All current assets of the Company, including inventory, receivables, and cash balances, are secured by a second pari-passu charge in favor of the lenders, subject to the first charge of working capital lenders. The Company is required to route operational cash flows through the designated Trust and Retention Account and comply with all reporting and insurance requirements as stipulated in the sanction letter.

11.2 Contract Assets represents the Company's right to consideration for work performed under shipbuilding contracts where revenue has been recognised over time in accordance with Ind AS 115, but the right to invoice the customer is conditional upon achieving specified contractual milestones or other conditions. The amount will be classified to trade receivable when the Company's right to consideration becomes unconditional.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 12

Equity Share Capital

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
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		
5,26,82,150 (Previous Year: 26,82,150) Equity Shares of ₹ 10/- each fully paid up	5,268.22	5,268.22
Total Equity Share Capital	**5,268.22**	**5,268.22**

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

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Equity Shares at the beginning of the year	5,26,82,150	5,268.22	26,82,150	268.22
Changes in equity share capital during the year	-	-	5,00,00,000	5,000.00
Equity Shares at the end of the year	**5,26,82,150**	**5,268.22**	**5,26,82,150**	**5,268.22**

a. As per the approved resolution plan, Hazel Infra Limited was to invest INR 5,000 lakhs by way of 5 crores equity share of INR 10 each in the company. The infusion of the amount happened on October 27, 2023 and share allotment was made to Hazel infra limited on August 07, 2024.

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

INR in Lakhs

Shares held by	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	**% Holding**	**No. of Shares**	**% Holding**
Hazel Infra Limited	4,73,61,253	89.90%	5,00,00,000	94.91%

12.3 Terms and Rights attached to Equity Shares:

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

12.4 Shares held by Promoters and Promoter group in the Company at the end of the year

Shares held by	As at March 31, 2026			As at March 31, 2025		
	No. of Shares	% Holding	% Change	No. of Shares	% Holding	% Change
With Promoter						
Hazel Infra Limited	4,73,61,253	89.90%	-5.01%	5,00,00,000	94.9%	100.00%
With Promoter group	-	-	-	-	-	-

Note No. - 13

Other Equity

INR in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
Capital Reserve				
Opening Balance	79,745.87		79,745.87	
Additions during the year	-		-	
		79,745.87		79,745.87
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
Other Reserve				
Opening Balance	22,791.35		22,791.35	
Additions during the year	-		-	
		22,791.35		22,791.35
Retained Earnings				
Opening Balance	(2,28,425.68)		(2,10,321.73)	
Add:- Profit(loss) for the year as per profit or loss statement	(22,590.91)		(18,103.95)	
		(2,51,016.59)		(2,28,425.68)
Other Comprehensive Income				
Opening Balance	169.89		169.89	
Add: Movement During the year (net)	(6.34)		-	
		163.55		169.89
Total Other Equity		**1,695.51**		**24,292.76**

Nature and Purpose of Reserves :

Capital Reserve:

a) 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.

b) Further increase in capital reserve during the financial year 2022-23 is on account of extinguishment of value of equity capital based on the resolution plan approved Hon'ble NCLT Ahemdabad bench. (Number of shares extinguished 734,909,113 of INR 10 each amounting to INR 73,490.91 lakhs)

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 14

Borrowings

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Secured Loans		
From Bank	1,01,440.82	1,14,400.00
Unsecured Loans		
Body Corporates	1,71,065.20	1,09,969.00
Total Borrowings	**2,72,506.02**	**2,24,369.00**

14.1 As per approved resolution plan of the Company, as on 31 March 2025, an amount of INR. 1,14,400 Lakh was payable to secured financial creditors beyond 31 March 2026. The same is fully paid off during the year.

14.2 The Company has availed a Rupee Term Loan facility of INR. 1,02,017.27 Lakhs (Previous Year: INR. Nil) from NaBFID, secured by a first pari-passu charge on immovable and movable fixed assets, intangible assets. The loan is also secured by second pari passu charge on trade receivables, inventories, book debts and other current assets of the Company, both present and future, subject to the rights of working capital lenders in accordance with the financing documents. The loan carries an interest rate linked to the 1-year NaBFID Lending Rate plus a spread of 1.25%, with a door-to door tenor of 10.75 years and structured quarterly repayments with moratorium of nine months. The facility is further secured by corporate guarantees and is subject to various financial and nonfinancial covenants.

14.3 During the period the company has taken interest free unsecured loan from Hazel Infra Limited of INR 61,096.20 lakhs.

Note No. - 15

Provisions

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Employee Benefits	43.01	43.01
Total Provisions	**43.01**	**43.01**

Note No. - 16

Short Term Borrowings

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Secured Loans		
Banks	0.00	18,800.00
Total Short Term Borrowings	**-**	**18,800.00**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 17

Trade Payables

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Micro and Small Enterprises	160.94	1,214.67
Others	3,752.26	4,437.89
Total Trade Payables	**3,913.20**	**5,652.56**

17.1 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:

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Principal amount remaining unpaid	160.94	1,214.67
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 along with principal payments made	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	0.79	0.79
Interest remaining due and payable even in succeeding years	0.79	0.79

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

17.3 Aging of Trade payables.

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31st, 2026
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	
MSME	160.94	-	-	-	160.94
Others	2,886.49	536.49	2.20	327.08	3,752.26
Disputed Dues - MSME	-	-	-	-	-
Disputed Dues - Other	-	-	-	-	-
Total	**3,047.43**	**536.49**	**2.20**	**327.08**	**3,913.20**

INR in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total as at March 31st, 2025
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	
MSME	1,212.17	-	-	-	1,212.17
Others	2,268.85	1,814.01	3.72	351.31	4,437.89
Disputed Dues - MSME	-	2.50	-	-	2.50
Disputed Dues - Other	-	-	-	-	-
Total	**3,481.02**	**1,816.51**	**3.72**	**351.31**	**5,652.56**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 18

Other Current Financial Liabilities

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Creditors for Capital Goods	927.94	2,472.90
Statutory Dues	358.00	230.52
Other Payables	283.64	372.71
Total Other Current Financial Liabilities	**1,569.58**	**3,076.13**

18.1 As per the order issued by the NCLT, the company has made a Provident Fund provision of INR 56 lakh. However, no claims have been made against this provision.

Note No. - 19

Other Current Liabilities

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Advances from Customers	25,478.94	273.88
Total Other Current Liabilities	**25,478.94**	**273.88**

Note No. - 20

Current Provisions

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
For Employee Benefits	-	45.01
Total Current Provisions	**-**	**45.01**

Note No. - 21

Revenue from Operations

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Repairs and Fabrication	4,012.52	703.46
Sales	24,201.35	-
Total Revenue from Operations	**28,213.87**	**703.46**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 22

Other Income

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest Income	271.64	113.17
Interest on ROU	610.29	547.20
Profit on sale of Fixed Assets	-	291.25
Sale of Scrap	2,091.74	36.43
Miscellaneous Income	443.67	61.45
Realised Gain/Loss For Investment	15.86	-
Loan prepayment discount received	12,351.07	-
Total Other Income	**15,784.27**	**1,049.50**

22.1 As per approved resolution plan, an amount of ₹ 1,14,400 Lakh was payable to secured financial creditors beyond March 31st, 2026. The same is fully paid off during the year for ₹ 1,02,048.93 Lakh and prepayment discount of ₹ 12,351.07 Lakh is received for the same.

Note No. - 23

Cost of Materials Consumed

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Equipment and Components	2,056.47	68.91
Total Cost of Materials Consumed	**2,056.47**	**68.91**

Changes in Inventories of Work - in - Progress and Scrap

INR in Lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
At the end of the year			
Work in progress		84,200.00	1,29,169.44
	a	84,200.00	1,29,169.44
Less :- At the beginning of the year			
Work in progress		1,29,169.44	1,29,409.00
	b	1,29,169.44	1,29,409.00
Changes in Inventories	**(b - a)**	**44,969.44**	**239.56**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No. - 24

Other Direct Expense

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Design Software Expenses	549.19	-
Total Other Direct Expense	**549.19**	**-**

Note No. - 25

Employee Benefits Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, Wages and Allowances	3,556.62	2,155.56
Contribution to Provident and Other Funds	50.48	33.22
Total Employee Benefits Expenses	**3,607.10**	**2,188.78**

25.1 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

INR in Lakhs

Particulars	2025-26	2024-25
Employers Contribution to Provident Fund	19.13	13.77
Employers Contribution to Pension Fund	31.35	19.45
Total	**50.48**	**33.22**

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 31st, 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 Consolidated Financial Statements

for the year ended March 31, 2026

a) Gratuity (Funded)

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

INR in Lakhs

Particulars	2025-26	2024-25
Defined Benefit Obligation at beginning of the year	66.56	29.51
Current Service Cost	37.66	22.36
Past Service Cost	0.00	-
Current Interest Cost	4.68	2.21
Actuarial (Gain) / Loss	7.45	12.48
Benefits paid / reversed		
Defined Benefit Obligation at end of the year	116.35	66.56

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

INR in Lakhs

Particulars	2025-26	2024-25
Fair Value of Plan Assets at the beginning of the year	144.83	134.51
Expected Return on Plan Assets	9.41	9.54
Actuarial Gain / (Loss)	1.59	0.78
Fair Value of the Assets at the end of the year	155.83	144.83

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

INR in Lakhs

Particulars	2025-26	2024-25
Fair Value of Plan Assets at the end of the year	155.83	144.83
Present Value of Defined Benefit Obligation at end of the year	116.35	66.56
Liabilities / (Assets) recognised in the Balance Sheet	(39.48)	(78.27)

iv) Expenses recognised during the year:

INR in Lakhs

Particulars	2025-26	2024-25
Current & Past Service Cost	37.66	22.36
Past Service Cost	-	-
Interest Cost	4.68	2.21
Expected Return on Plan Assets	(9.41)	(9.54)
Net Cost Recognised in profit or loss	32.93	15.03
Actuarial (Gain) / Loss recognised in other comprehensive income	0.00	11.70

The company has not recognized the actuarial gain as per the actuarial report for the period ended March 31st, 2026, and March 31st, 2025, since there is no liability to be reversed in the books of accounts.

v) Assumptions used to determine the defined benefit obligations:

Particulars	2025-26	2024-25
Mortality Table (LIC)	IALM (2012-14) Ult	
Discount Rate (p.a.)	6.70%	6.50%
Estimated Rate of Return on Plan Asset	6.70%	6.50%
Expected Rate of increase in Salary (p.a.)	10.00%	10.00%

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	Effect on Gratuity Obligation Increase/(Decrease)	
	2025-26	2024-25
Defined Benefit Obligation - Discount Rate + 100 basis points	(3.65)	(2.85)
Defined Benefit Obligation - Discount Rate - 100 basis points	3.95	3.13
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	3.56	2.67
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(3.60)	(2.64)
Defined Benefit Obligation - Withdrawal Rate - 25% increase	(9.35)	(4.07)
Defined Benefit Obligation - Withdrawal Rate - 25% decrease	11.47	4.91

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

vii) Risk Exposure :

1 **Investment Risk:** The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on Government bonds.

2 **Interest Risk:** A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan debt investment.

3 **Liquidity Risk:** The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

4 **Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

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

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

INR in Lakhs

Particulars	2025-26	2024-25
0 to 1 Year	53.35	53.35
2-5 Years	45.12	24.54
More than 5 Years	44.96	31.7

b) Leave Encashment (Unfunded)

During the FY 2020-21, The Company changed its leave policy wherein accumulation of leave is restricted and encashment of leave facility was withdrawn.

Consequently as there is no liability towards the leave encashment actuarial valuation has not been carried out.

Note : Above details are captured from the Actuarial report. The company had certain gratuity liability Pre-CIRP and also making certain provision for the Post-CIRP basis the calculation done by HR department of the company.

As per the actuarial valuation report there is net assets position. However, company had continued the gratuity liability on conservative basis. Accordingly outstanding liability towards gratuity and leave encashment in note no. 15 will not match with above disclosure.

Note No. - 26

Finance Costs

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest On Secured Long Term Loans	173.15	1,072.15
Interest on Lease Liability	882.27	1,020.81
Other Borrowing Costs	176.03	0.54
Amortised processing fees	0.55	
Total Finance Costs	**1,232.00**	**2,093.50**

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

Note No. - 27

Other Expenses

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumables, Stores and Spares	627.33	174.19
Power, Fuel and Water	931.37	701.56
Repairs and Maintenance	1,017.55	79.44
Labour / Fabrication and Subcontractor Charges	1,569.68	1,137.56
Equipment Hire Charges	341.39	251.79
Rent	59.24	28.46
Testing and Inspection Charges	19.67	16.23
Insurance	235.42	176.63
Communication Expenses	26.19	4.30
Travelling, Conveyance and Vehicle Hire Charges	334.71	181.75
Legal and Professional Charges	1,596.34	5,524.85
Payment to Auditors (refer note 27.1)	16.68	17.03
Security Expenses	322.00	378.21
Business development	171.45	-
Director's Sitting Fees	38.50	35.00
Subscription for Software	128.12	-
Ineligible GST Credit	17.88	35.78
Unrealised Gain/Loss For Investment	49.97	-
Loss On Sale Of Fixed Assets	32.28	-
Donation	15.00	-
Penalties & Fines	135.48	7.31
NOC Fees	70.00	-
Miscellaneous Expenses	251.92	252.05
Total Other Expenses	**8,008.17**	**9,002.14**

27.1 Payment to Auditors includes

INR in Lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit Fees	16.30	16.30
Certification Charges	0.38	0.73
Total Payment to Auditors includes	**16.68**	**17.03**

Note No.-28

Exceptional item

The company has recognized the Right-of-Use (ROU) asset related to the security deposit in the previous financial year retrospectively from F.Y. 2022–23 (being the year in which the effect of the approved Resolution Plan was given in the books of accounts of the Company). As a result, the impact of INR 222.64 lakhs has been reported in exceptional item in the financial statement of FY 2024-25.

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

Note No.-29

Earnings Per Share (Basic and Diluted)

INR in Lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
Loss attributable to the Equity Shareholders	(a)	(22,590.91)	(18,103.95)
Amount available for calculation of Basic and Diluted EPS	(b)	(22,590.91)	(18,103.95)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS		5,26,82,150	3,51,47,903
Basic and Diluted Earnings per share of INR 10/- each (in INR)	(a) / (b)	(42.88)	(51.51)

In FY 2024-25, the basis of earnings per share (EPS) changed due to an increase in equity following the allotment of shares to Hazel Infra Limited. This led to a higher weighted average number of shares. This increased the total number of shares, which lowered the EPS.

Note No.-30

Contingent Liabilities and Commitments

30.1 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)

INR in Lakhs

Sr. No.	Particulars		As at March 31, 2026	As at March 31, 2025
a)	Guarantees given by Company's Bankers			
	I)	Other Bank Guarantees		
		(Bank Guarantees are provided under contractual/ legal obligations.)	36,971.99	72.96
b)	Contingent Liabilities*			
	(i)	Disputed Excise Duty/Custom Duty demands/ Goods and Service tax	1,482.12	1,416.74
	(ii)	Disputed Income Tax demands	120.00	675.17
c)	Commitments:			
	(i)	Capital commitments		
		Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	11,156.91	10,100.83

*Contingent liability matters are related to the pre CIRP period and CIRP period.

Note No.-31

The Company has issued a Bond cum legal undertaking for INR 10,000 lakhs (Previous Year: INR 10,000 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 INR 15,300 lakhs (Previous Year : INR 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 INR 1,350 lakhs (Previous Year: INR 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 Consolidated Financial Statements

for the year ended March 31, 2026

Note No.-32

Going Concern

The financial statement for the period and year ended March 31st, 2026 have been prepared on going concern assumptions by the Board of Directors of the Company.

Note No.-33

Leases

The Company has entered into a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 5 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub-leases. There are no contingent rents. Disclosures as required under Ind AS 116 on "Lease" are given below:

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

INR in Lakhs

Particulars	Prepaid Lease	Land and Office Buidling	Total
As at Mar 31, 2024	-	5,999.82	**5,999.82**
Additions	2,249.88	48.20	**2,298.08**
Depreciation expense	581.12	1,213.68	**1,794.80**
As at Mar 31, 2025	1,668.76	4,834.34	**6,503.10**
Additions	11.03	313.75	**324.78**
Depreciation expense	584.32	1,299.09	**1,883.41**
As at March 31, 2026	1,095.47	3,849.00	**4,944.47**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Opening balance	**7,356.46**	**8,494.84**
Addition during the year	313.75	48.20
Accretion of interest	882.27	1,013.05
Payments of lease liability	(2,307.67)	(2,199.63)
Closing balance	**6,244.81**	**7,356.46**

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Current	1,677.16	1,353.50
Non-current	4,567.65	6,002.96

The effective interest rate for lease liabilities is 10.50%, with maturity between 2027-2069.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

The following are amounts recognised in profit or loss:

INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Depreciation expense of right-of-use assets	1,883.41	1,794.80
Interest expense on lease liabilities	882.27	1,013.05
Expense relating to short-term leases (included in other expenses)	59.24	28.46
Total amount recognised in profit or loss	**2,824.92**	**2,836.31**

Future minimum lease payments under non-cancellable lease:

INR in Lakhs

Sr No		Particulars	March 31, 2026	March 31, 2025
1	Amount debited to Statement of Profit and Loss during the year			
	1.1	Interest on Lease liability (Included as part of finance cost)	882.27	1,013.05
	1.2	Depreciation on Right of Use Assets (Included as part of Depreciation and amortisation expenses)	1,883.41	1,794.80
2	Maturity analysis of Lease liability			
	i	Due in first year	2,370.53	2,208.67
	ii	Due in second to fifth year	2,876.65	4,621.88
	iii	Due after fifth year	9,062.87	9,411.43

Amount recognised in the statement of cash flows:

INR in Lakhs

Particulars	April 2024 to March 2026	April 2023 to March 2025
Total cash outflow for leases	2,366.91	2,228.09

Note No.-34

Segment Reporting

The Company is engaged only in the business of Ship-building and repairs. As such, there are no separate reportable segments.

Segment information as per Ind AS 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31st, 2026, and in respect of assets/liabilities as at March 31st, 2026.

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 **Revenue from Major Customers :**

Revenue from operations includes INR 16,672 lakhs (Previous Year: 692.48) from Two customers (Previous Year: Four) having more than 10% of the total revenue.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No.-35

Related Party Disclosures

a) List of Related parties

1	**Ultimate Holding Company**	
	Swan Corp Limited erstwhile Swan Energy Limited	
2	**Immediate Holding Company**	
	Hazel Infra Limited	
3	**Subsidiary Companies**	**Status**
	Reliance Technologies and Systems Private Limited (RTSPL)	Ongoing
	PDOC Pte. Ltd. (PDOC)	Ongoing
4	**Associates**	
	Conceptia Software Technologies Private Limited	Ongoing
5	**Key Managerial Personnel**	**Position**
	Mr. Nikhil Vasantlal Merchant	Chairman & Managing Director
	Mr. Paresh Vasantlal Merchant	Director
	Mr. Bhavik Nikhil Merchant	Director
	Mr. Vivek Paresh Merchant	Director
	Mr. Arvind Jayasing Morbale	Whole-time Director
	Mr. Kaiyoze Beji Billimoria	Independent Director
	Mr. Ashishkumar Bairagra (upto: 20-02-2026)	Independent Director
	Mr. Arun Sinha	Independent Director
	Mr. Prabhakar Reddy Patil	Independent Director
	Ms. Maya Swaminathan Sinha	Independent Director
	Mr. Jayarama Krishnan Kannan (w.e.f. 31-03-2026)	Independent Director
	Mr. Vishant Shetty (upto: 22-06-2025)	Company Secretary
	Mr. Vipin Kumar Saxena (w.e.f. 10-10-2024)	Chief Executive Officer
	Mr. Rishi Chopra (upto: 22-11-2024)	Chief Executive Officer
	Mr. Rajesh Bhardwaj (w.e.f. 10-10-2024)	Chief Financial Officer
	Ms. Priti P. Dave (w.e.f. 17-12-2025)	Company Secretary

Note

1 The Company Secretary of the company, Mr. Vishant Shetty, has tendered his resignation, effective June 22, 2025. The position of Company Secretary has been subsequently filled by the appointment of Ms. Priti P. Dave, effective December 17, 2025.

2 E Complex Private Limited ("ECPL"), an erstwhile wholly-owned subsidiary of the Company is admitted for Corporate Insolvency Resolution Process (CIRP) with NCLT Ahmedabad since December 9, 2020. The CIRP process was completed as per the NCLT order dated December 4, 2023 which was set-aside, but the same is challenged and now pending for final hearing before the Supreme court of India. Company has already impaired this investment.

Although the Company continues to hold 100% of the equity share capital of ECPL, the management has assessed that the Company does not have control over ECPL in accordance with Ind AS 110. Hence ECPL has not been considered a related party for the purposes of disclosures under Ind AS 24.

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

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 and closing balance with Ultimate Holding Company "Swan Corp Limited erstwhile Swan Energy Limited" for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Purchase of Goods	4.98	3.03	-	-
Information consulting and support services(SAP)	150.34	0	-	-

2 Transactions and closing balance with Immediate Holding Company "Hazel Infra Limited" for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Unsecured Loan	61,096	80,595	1,71,065	1,09,969

3 Transactions and closing balance with Associates for the year ended March 31, 2026

INR in Lakhs

Nature of transactions	Transaction		Closing Balance	
	2025-26	2024-25	2025-26	2024-25
Purchase of Goods	5.5	-	-	-
Dividend received	-	1.12	-	-
Non Current Investment	-	-	680.21	526.49

4 Remuneration Paid to the Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2025-26	2024-25
Mr. Arvind Morbale	Executive Director	84.57	77.69
Mr. Vipin Kumar Saxena	Chief Executive officer	150.13	58.08
Mr. Rajesh Bhardwaj	Chief Financial officer	81.47	25.61
Mr. Vishant Shetty	Company Secretary	6.70	20.66
Ms. Priti P. Dave	Company Secretary	14.83	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

5 Director Sitting Fees Paid to Key Management Personnel

INR in Lakhs

Name of the KMP	Designation	2025-26	2024-25
Mr. Ashish K Bairagra	Independent Director	8.50	9.00
Mrs. Maya Swaminathan Sinha	Independent Director	7.00	6.50
Mr. Prabhakar Reddy Patil	Independent Director	9.00	7.00
Mr. Kaiyoze Billimoria	Independent Director	10.00	9.50
Mr. Arun Sinha	Independent Director	4.00	3.00

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.

Note No.-36

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 INR in Lakhs

Particulars	March 31, 2026	March 31, 2025
Equity	5,268.22	5,268.22
Retained Earnings	1,695.51	23,919.76
Total (A)	**6,963.73**	**29,187.98**
Borrowing		
Non-Current	2,72,506.02	2,24,369.00
Current	-	18,800.00
Total (B)	**2,72,506.02**	**2,43,169.00**
Capital Gearing Ratio (B/A)	39.13	8.33

Note No.-37

Ind AS 115 - Revenue from Contracts with Customers Disclosure:

The Company derives revenue primarily from shipbuilding and related engineering contracts. Revenue is recognised over time as the performance obligations are satisfied, based on the measure of progress towards complete satisfaction of the performace obligaitons.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Note No.-38

Other Statutory Information

(a) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible assets during the year.

(b) The Company has not given any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment granted to promoters, directors, KMPs and related parties.

(c) The Company has not used borrowings for purpose other than specified purpose of the borrowing. Further, there is no delay in creation of charges with ROC beyond the statutory period.

(d) The Company does not have any Benami property. Further, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(e) The company did not have any transactions with any struck-off companies during the year.

(f) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year.

(g) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries);or

  (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

  (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(i) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(j) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

(k) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(l) The Board at its meeting held on November 22, 2024, has considered and approved the Scheme of Arrangement and Amalgamation between Triumph Offshore Private Limited (“the Transferor Company” or “TOPL”) and Swan Defence and Heavy Industries Limited [Formerly known as Reliance Naval and Engineering Limited] (“the Transferee Company” or “SDHI”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and Rules & Regulations made thereunder ("The Act"), which inter alia provides for the following:

  1. Reduction and re-organisation of the capital of the Transferee Company.

  2. Amalgamation of the Transferor Company with the Transferee Company and in consideration thereof, SDHI will issue 1325 (One Thousand Three Hundred and Twenty Five) 8% Non-Convertible Redeemable Preference Shares having face value of INR 10/- (Rupees Ten) each credited as fully paid-up to be issued

to the equity shareholders of TOPL for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) each fully paid-up, held by such shareholders in TOPL.

As on 31st March, 2026, the Company had received the requisite approvals from the Stock Exchanges for proceeding with the filing of the Petition before the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"). Pursuant thereto, the Company filed the Petition with the Hon'ble NCLT on 27th March, 2026.

Subsequent to the date of the financial statements, the following developments have taken place in the matter:

The Order of the Hon'ble NCLT was received on 13th April, 2026 and updated order was received on 16th April, 2026.

Pursuant to the said Order, the NCLT-convened Extraordinary General Meeting ("EGM") of the shareholders of the Company was duly held on 25th May, 2026, and the requisite shareholders' approval has been obtained.

(m) All the charges of the company as appearing on the MCA portal are in the process of being satisfied /modified to give effect of the approved resolution plan as entered into with the financial creditors.

Note No.-39

Financial Instruments - Evaluation of risks

Accounting classification and fair values

A Carrying Value as on reporting date & Fair Value hierarchy:

The following table shows carrying amount and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

INR in Lakhs

Particulars		March 31, 2026				Fair Value Hierarchy			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial Assets									
(i)	Investments in Mutual Funds	25,140.43	-	-	**25,140.43**	25,140.43	-	-	**25,140.43**
(ii)	Investments in Associate	-	-	680.21	**680.21**	-	-	680.21	**680.21**
(iii)	Other Financial Assets	-	-	881.29	**881.29**	-	-	881.29	**881.29**
Total		**25,140.43**	**-**	**1,561.50**	**26,701.93**	**25,140.43**	**-**	**1,561.50**	**26,701.93**
Current Financial Assets									
(i)	Trade Receivables	-	-	1,231.91	**1,231.91**	-	-	1,231.91	**1,231.91**
(ii)	Cash and Cash Equivalents	-	-	18,401.70	**18,401.70**	-	-	18,401.70	**18,401.70**
(iii)	Bank Balances Other Than(iii) above	-	-	10,484.06	**10,484.06**	-	-	10,484.06	**10,484.06**
Total		**-**	**-**	**30,117.67**	**30,117.67**	**-**	**-**	**30,117.67**	**30,117.67**
Financial Liabilities									
(i)	Lease Liability	-	-	1,677.16	**1,677.16**	-	-	1,677.16	**1,677.16**
(ii)	Trade Payables	-	-	3,913.20	**3,913.20**	-	-	3,913.20	**3,913.20**
(iii)	Other Financial Liabilities			1,569.58	**1,569.58**	-	-	1,569.58	**1,569.58**
Total		-	-	**7,159.94**	**7,159.94**	**-**	**-**	**7,159.94**	**7,159.94**

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

INR in Lakhs

Particulars		March 31, 2025				Fair Value Hierarchy			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets									
(i)	Trade Receivables	-	-	45.66	**45.66**	-	-	45.66	**45.66**
(ii)	Cash and Cash Equivalents	-	-	2,837.54	**2,837.54**	-	-	2,837.54	**2,837.54**
(iii)	Bank Balances Other Than(iii) above	-	-	80.44	**80.44**	-	-	80.44	**80.44**
Total		**-**	**-**	**2,963.64**	**2,963.64**	**-**	**-**	**2,963.64**	**2,963.64**
Financial Liabilities									
(i)	Borrowing	-	-	18,800.00	**18,800.00**	-	-	18,800.00	**18,800.00**
(ii)	Lease Liability	-	-	1,353.50	**1,353.50**	-	-	1,353.50	**1,353.50**
(iii)	Trade Payables	-	-	5,652.56	**5,652.56**	-	-	5,652.56	**5,652.56**
(iv)	Other Financial Liabilities			3,076.13	**3,076.13**			3,076.13	**3,076.13**
Total		**-**	**-**	**28,882.19**	**28,882.19**	**-**	**-**	**28,882.19**	**28,882.19**

With respect to disclosure of fair value of financial instruments such as cash and cash equivalents, other bank balances, trade receivables and other receivables, other current financial assets, borrowings and other current financial liabilities at March 31, 2026 and March 31, 2025 are similiar to carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk ; and
- Market risk

The source of risk are as follows -

Risk	Exposure from	Measurement
Credit Risk	Trade Receivable, Cash and cash equivalents, financial assets measured at amortised cost	Credit Ratings
Liquidity Risk	Borrowings, Trade Payables and other liabilities	Cash flow forecast
Market Risk - Interest Rate Risk, Currency Risk and Price Risk	Price risk from investments, currency risk from foreign currency payables	Sensitivity analysis

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which is reviewed by them periodically.

a Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investment in debt securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Company's maximum exposure to credit risk as at March 31, 2026 is the carrying value of each class of financial assets.

i **Trade and other receivables**

Credit risk on trade receivables is limited based on past experience and management's estimate.

Ageing of trade and other receivables that were not impaired is as follows

Particulars	Closing Balance	
	March 31, 2026	March 31, 2025
Neither Past due nor impaired	1,224.41	-
Past due more than 180 days	7.50	45.66

ii **Cash and Cash Equivalents**

The Company held cash and bank balance with credit worthy banks of INR 28,885.76 Lakhs at March 31, 2026 (March 31, 2025: INR 2917.98 Lakhs). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

b Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing monthly cash flow projections to monitor liquidity requirements. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i **Exposure to Liquidity Risk**

The company has outstanding borrowing through Current and Non-Current borrowings from Banks / NBFCs and third parties.

Carrying amounts are as below:

Particulars	March 31, 2026			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	272,506.02	-	196,425.40	76,080.62
Lease Liability (Non-Current)	4,567.65	-	1,128.21	3,439.44
Borrowings* - (Current)	-	-	-	-
Lease Liability (Current)	1,677.16	1,677.16	-	-
Trade Payables	3,913.20	3,913.20	-	-
Other Financial Liabilities (Current)	1,569.58	1,569.58	-	-
Total	**284,233.61**	**7,159.94**	**197,553.61**	**79,520.06**

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Carrying amounts are as below:

Particulars	March 31, 2025			
	Carrying Amount	Within 1 Year	Between 1 to 5 years	More than 5 Years
Borrowings - (Non-Current)	224,369.00	-	224,369.00	-
Lease Liability (Non-Current)	6,002.96	-	2,647.57	3,355.39
Borrowings* - (Current)	18,800.00	18,800.00	-	-
Lease Liability (Current)	1,353.50	1,353.50	-	-
Trade Payables	5,652.56	5,652.56	-	-
Other Financial Liabilities (Current)	3,076.13	3,076.13	-	-
Total	**259,254.15**	**28,882.19**	**227,016.57**	**3,355.39**

* The amount shown under 'Borrowings - (Current)' includes advances received from subsidiaries, other related parties and other third parties. These have been received in the ordinary course of business and are repayable on demand.

C Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.

i Currency Risk

The Company is exposed to currency risk on account of its trade and other payables in foreign currency. The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.

ii Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company's exposure to interest rate risk primarily arises from its borrowings carrying floating interest rate, which are linked to benchmark rate prescribed by the respective lender.

iii Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments and units of mutual funds.

a Fair value sensitivity analysis for fixed rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

b Cash flow sensitivity analysis for variable rate Instruments

The Company is exposed to cash flow interest rate risk primarily in relation to its floating-rate borrowings, which are linked to the NaBFID Lending Rate. Assuming all other variables remain constant, a 100 basis points increase or decrease in the applicable interest rate would result in an increase or decrease, respectively, in the Company's annual finance costs and profit before tax by approximately INR 1,014.41 Lakhs, based on the floating-rate borrowings outstanding as at the reporting date. The analysis assumes that the outstanding borrowings and all other variables remain unchanged throughout the period.

D Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

INR in Lakhs

Particulars	2025-26	2024-25
Foreign exchange earnings	28,043.03	-
Expenditure in foreign currency	3,695.74	1,410.22

Note No.-40

Summarised financial information in respect of the associate company Conceptia Software Technologies Private Limited is set out below.

INR in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Total Assets		
Cost of investment	153.49	153.49
Total Profit/ (Loss) for the year	627.69	182.24
Other comprehensive Income for the year	(24.86)	-
Extent of Holding %	25.50%	25.50%
Group's share of Profit/ (Loss) of Associates	160.06	46.47
Group's share of Other Comprehensive Income	(6.34)	-
Dividend Received	-	1.12
Carrying Amount	680.21	526.49
Contingent Liabilities	-	-
Share of Contingent Liabilities of Associates	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Additional Information for Consolidated Financial Statements As Per Schedule - III To Companies Act, 2013

INR in Lakhs

Particulars	Net Assets		Share in Profit/ (loss) after Tax		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Total	Amount	As % of Total	Amount	As % of Total	Amount	As % of Total	Amount
As at March 31, 2026								
Parent:								
Swan Defence and Heavy Industries Limited	99.79%	3,16,039.08	100.71%	(22,750.97)	0.00%	-	100.68%	(22,750.97)
Associates:								
Indian								
Conceptia Software Technologies Private Limited	0.21%	680.21	(0.01)	160.06	100.00%	(6.34)	-0.68%	153.72
TOTAL	**100.00%**	**3,16,719.29**	**99.71%**	**(22,590.91)**	**100.00%**	**(6.34)**	**100.00%**	**(22,597.25)**
As at March 31, 2025								
Parent:								
Swan Defence and Heavy Industries Limited	99.82%	2,88,650.54	100.26%	(18,150.42)	0.00%	-	100.26%	(18,150.42)
Associates:								
Indian								
Conceptia Software Technologies Private Limited	0.18%	526.49	-0.26%	46.47	0.00%	-	-0.26%	46.47
TOTAL	**100.00%**	**2,89,177.03**	**100.00%**	**(18,103.95)**	**0.00%**	**-**	**100.00%**	**(18,103.95)**

Note No.-41

Ratios

Particulars		Numerator	Denominator	March 31, 2026	March 31, 2025	Variance	Remark
(a)	Current Ratio	Current Assets	Current Liability	**4.49**	**5.05**	11.09	Not applicable
(b)	Debt-Equity Ratio	Total Debt	Total Equity	**39.13**	**8.23**	(375.46)	During the previous year, the Company was primarily engaged in restoration and revival activities aimed at re-establishing its business infrastructure for shipbuilding operations. Consequently, regular business/operating activity was limited during that period.
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	**(0.06)**	**(0.04)**	(50.00)	
(d)	Return on Equity Ratio	Profit after Tax	Average Share Holders Equity	**(1.26)**	**(0.47)**	(168.09)	
(e)	Inventory turnover ratio	Revenue from Operation	Average Inventory	**0.24**	**0.005**	(4700)	
(f)	Trade Receivables turnover ratio	Revenue from Operation	Average Trade Receivable	**44.17**	**30.81**	(43.36)	During the current year (FY 2025-26), the Company commenced receiving orders, resulting in a gradual increase in business and operational activity, which was not present in the corresponding previous year. As a result, the financial figures and consequent ratios for the current year are not comparable with those of the previous year, and the variance in the ratios (where exceeding 25%) is primarily attributable to this factor.
(g)	Trade payables turnover ratio	Trade purchases	Average Trade payable	**(8.84)**	**(0.08)**	(10,950.00)	
(h)	Net capital turnover ratio	Revenue from Operation	Working Capital	**0.25**	**0.01**	(2,400.00)	
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	**(0.81)**	**(25.80)**	96.86	
(j)	Return on Capital employed	EBIT	Capital employed	**(0.08)**	**(0.06)**	(33.33)	
(k)	Return on investment	Net return on investment	Cost of investment	**0.01**	**0.07**	85.71	

Notes to Consolidated Financial Statements
for the year ended March 31, 2026

Note No.-42

Other

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

Net amount of INR 4,211.91 lakhs was payable to various overseas parties. The amount to be paid as per approved resolution plan against these amount is NIL. Hence the same is written back in the FY 2022-23 and the company is in process of doing necessary compliance with RBI and FEMA.

As per our report of even date **For N.N. Jambusaria & Co.** Chartered Accountants Firm Reg. No. 104030W	**For and on behalf of the Board of Directors** **Swan Defence and Heavy Industries Limited**	
	Nikhil Merchant Chairman & Managing Director DIN : 00614790	**Paresh Merchant** Director DIN : 00660027
Nimesh N. Jambusaria Partner Membership No. 038979 Place : Mumbai Date : May 27, 2026 UDIN : 26038979JGMMPM7147	**Rajesh Bhardwaj** Chief Financial Officer Place : Mumbai Date : May 27, 2026	**Priti P. Dave** Company Secretary Membership No. A19469

FORM AOC - 1

(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associates

(₹ In lakhs)

Sr. No.	Name of the Subsidiary/Associate	Conceptia Software Technologies Private Limited
1	Reporting Period	2025-26
2	Reporting Currency	INR
3	Share Capital	44.00
4	Reserves and Surplus	2,088.97
5	Total Assets	3,930.89
6	Total Liabilities	1,797.92
7	Investments	-
8	Turnover and Total Income	8,643.44
9	Profit/(Loss) before tax	625.07
10	Provision for Taxation	210.50
11	Profit/(Loss) after Taxation	625.07
12	Proposed Dividend	-
13	% of Shareholding	25.50

For and on behalf of the Board of Directors
Swan Defence and Heavy Industries Limited
(Formerly, Reliance Naval and Engineering Limited)

Nikhil Merchant
Chairman & Managing Director
DIN : 00614790

Paresh Merchant
Director
DIN : 00660027

Rajesh Bhardwaj
Chief Financial Officer

Priti P. Dave
Company Secretary
Membership No. A19469

Place : Mumbai
Date : 27th May, 2026

Notes