

**FAIRNESS OPINION REPORT**

**FOR THE PROPOSED SCHEME OF ARRANGEMENT AND AMALGAMATION**

**BETWEEN**

**TRIUMPH OFFSHORE PRIVATE LIMITED**

**AND**

**RELIANCE NAVAL AND ENGINEERING LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**By**



**Navigant**

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**22<sup>nd</sup> November, 2024**

**SEBI Registered Category I Merchant Banker**  
**SEBI Registration No. INM000012243**



## Notice to Reader

Navigant Corporate Advisors Limited (“Navigant” / “NCAL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant banker in India and was engaged by Board of Directors of **Reliance Naval And Engineering Limited (“RNEL” or “Transferee Company”)** to prepare an Independent Fairness Opinion Report in terms of SEBI circular no. SEBI/HO/DDHS/DDHS DivI /P/CIR/2022/0000000103 dated July 29, 2022 (updated as on December 01, 2022), (“**Report**”) with respect to providing an independent Opinion and Assessment as to Fairness of valuation for non-convertible redeemable preference shares (“**NCRPS**”) holders determined by CA Pawan Shivkumar Poddar, **Registered Valuer (SFA) (“Valuer” / “Independent Valuer”)** an Independent Valuer for the purpose of intended proposed amalgamation of **Triumph Offshore Private Limited (hereinafter referred to as ‘TOPL’)** and **Reliance Naval And Engineering Limited (hereinafter referred to as ‘RNEL’ or the ‘Company’)** pursuant to a scheme of arrangement and amalgamation under section 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 and also read with Section 2(IB) and other relevant provisions of the Income-tax Act, 1961 as applicable for reduction and re-organization of capital of RNEL, followed by amalgamation of Triumph Offshore Private Limited (“TOPL” or “the Transferor Company”) and Reliance Naval and Engineering Limited (“RNEL” or “the Transferee Company”) and their respective shareholders and creditors, and various other matters consequential, incidental, supplementary or otherwise integrally connected therewith (“Scheme”).

RNEL and TOPL are collectively referred as “Companies”.

The Fairness Opinion Report (“Report”) has been prepared on the basis of the review of information provided to Navigant and specifically the Valuation Report prepared by Valuer as an Independent Valuer. This Report does not give any valuation; however, this Report is limited to provide its Fairness Opinion on the valuation.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendments. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the Management and certain other data culled out from various websites believed to be reliable. Navigant has not independently verified any of the information contained herein.



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**Date: 22<sup>nd</sup> November, 2024**

To,  
**Reliance Naval And Engineering Limited**  
Pipavav Port, Post Ucchaya,  
Via Rajula, Rajula, Gujarat, India - 365560.

Dear Members of the Board,

### Engagement Background

We understand that the management of the Companies are contemplating a Scheme of Arrangement and Amalgamation (“Scheme”) under Section 230 to 232 read with Section 66 and Section 52 and other applicable provision of the Companies Act, 2013 and rules made thereunder, whereby TOPL will amalgamate with RNEL.

The appointed date of the Scheme is April 01, 2024.

As consideration for the Proposed Transaction, equity shareholders of TOPL would be issued Non-Convertible Redeemable Preference Shares (“**NCRPS**”) by RNEL. The terms of the issue of such Preference Shares have been given in detail in Schedule I of the draft of the Scheme provided to us. Share Exchange Ratio refers to the number and value at Non-Convertible Redeemable Preference Shares (NCRPS) of RNEL would be issued to the equity shareholders of TOPL.

We understand that the Valuation of NCRPS is based on the Valuation Report dated 22<sup>nd</sup> November, 2024 issued by CA Pawan Shivkumar Poddar, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) (IBBI Registration No. IBBI/RV/06/2019/12475).

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by RNEL to give a Fairness Opinion (“Opinion”) on Valuation Report dated 22<sup>nd</sup> November, 2024 issued by the Valuer for NCRPS.



## Background of the Companies

### **Reliance Naval And Engineering Limited (“RNEL” or “Transferee Company”)**

Reliance Naval and Engineering Limited (“RNEL”) is a public company incorporated under the provisions of Companies Act, 1956 having its registered office at Pipavav Port, Post Uchchaya, Via Rajula, Rajula – 365 560, Gujarat.

RNEL is a listed public company whose equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

RNEL is engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RNEL has a large shipbuilding / repair infrastructure in India including dry dock. SEL through its special purpose vehicle, Hazel Infra Limited, has acquired RNEL under the Corporate Insolvency Resolution Process approved by the National Company Law Tribunal. Accordingly, RNEL is a step-down subsidiary of SEL. The trading of equity shares of RNEL both at NSE and BSE is suspended as the Company has undergone Corporate Insolvency Resolution Process. The Company is in the process of obtaining trading approval.

### **Triumph Offshore Private Limited (“TOPL” or “Transferor Company”)**

TOPL is a company incorporated under the provisions of the Companies Act, 2013 having its registered office at 9<sup>th</sup> Avenue, Ground Floor, Behind Rajpath Club, Memnagar, Bodakdev, Ahmedabad – 380 059, Gujarat.

TOPL is a wholly owned subsidiary Company of Swan Energy Limited (“SEL”), a public company whose equity shares are listed on BSE Limited and National Stock Exchange of India Limited.

TOPL was incorporated to own, purchase, charter hire, sell, exchange, let, operate, trade in steam and other ships including Floating Storage Regasification units / Floating Storage Units, boats, tugs, vessels, trawlers, drifters, other transports and conveyances. In October, 2024, TOPL, has completed the sale of its FSRU vessel and received the sale consideration.



## Transaction Overview and Rational

### Overview

This Scheme is presented pursuant to the provisions of Sections 230 to 232 read with Section 66 and Section 52 and other relevant provisions of the Companies Act, 2013, and rules made thereunder, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961 as applicable for reduction and re-organisation of capital of RNEL, followed by amalgamation of Triumph Offshore Private Limited (“TOPL” or “the Transferor Company”) and Reliance Naval and Engineering Limited (“RNEL” or “the Transferee Company”) and their respective shareholders and creditors, and various other matters consequential, incidental, supplementary or otherwise integrally connected therewith.

### Rationale of the Scheme

Both the Transferor Company and the Transferee Company belongs to the same group. The proposed amalgamation would inter alia have the following benefits:

1. The proposed amalgamation will help the group in consolidation of all the activities such as purchase, sale, charter hire, constructions, repairs, etc. of ships, boats, vessels, other transports and conveyances in a single entity which will help the combined business to exploit the complementary capabilities of both companies.
2. The merged entity would oversee the entire value chain, from vessel design and construction to financing, leasing, and eventual management. This integration enables the company to have greater control over costs, quality, and delivery schedules, resulting in more streamlined operations.
3. The proposed amalgamation would create a more competitive and diversified entity capable of competing with global players in the shipbuilding and heavy engineering sectors.
4. The proposed amalgamation would position the merged entity to benefit from the growing demand for naval defense, energy infrastructure, and commercial shipping in both domestic and international markets.



## Information relied upon:

We have prepared the Fairness Opinion Report on the basis of the information provided to us and inter alia the following:

- Valuation Report on Recommendation of Share Exchange Ratio for amalgamation of Triumph Offshore Private Limited and Reliance Naval & Engineering Limited dated November 22, 2024, issued by CA Pawan Shivkumar Poddar, Registered Valuer (SFA) (“Valuer” / “Independent Valuer”);
- Other information and explanations as provided by the Management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the valuation.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

## Valuation Summary:

For the valuation of TOPL, Valuer adopted that TOPL operating income was the rental income it earned from leasing out its Floating Storage and Regasification Units. The significant operating assets of the Company have been sold for cash consideration. The consideration received from the sale of FSRU is lying in cash and cash equivalent and invested in Mutual funds, bank FDs and Liquid securities, as on the Valuation Date. Hence, Valuer has adopted Asset Approach for determining the equity value of TOPL.

For the valuation of RNEL, valuer adopted that as the consideration is proposed to be discharged by way of Preference Share, and considering the issue at par, coupon rate, terms of redemption and the current market value of similar instruments, and other terms of the Preference Share, Valuer adopted that the value of the Preference Shares is equal to its issue value per share i.e. INR 10 each of the Preference Share of RNEL for the purpose of determining the share Exchange ratio.





### **Basis of Valuation and Assumptions made by the valuer:**

Upon the scheme becoming effective and necessary processes being carried out, All the Equity holders of TOPL would become the NCRPS holders of RNEL. As on the relevant record date/effective date, the effect of amalgamation is that, 1325 (One Thousand Three Hundred and Twenty Five) Non-Convertible Redeemable Preference Shares (“NCRPS”) of RNEL 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.

### **CONCLUSION ON FAIR VALUE AND SHARE EXCHANGE RATIO FOR NCRPS RECOMMENDED BY THE VALUER:**

Given the above context, without any further act or deed and without any further payment, Equity holders of TOPL holding Equity Shares will hold NCRPS of RNEL in the following proportion.

**“1325 (One Thousand Three Hundred and Twenty Five) NCRPS of RNEL having face value of INR 10/- (Rupees Ten) each for every 1000 (One Thousand) Equity Shares of INR 10/- (Rupee Ten) of TOPL.”**

It is to be noted that valuation was arrived at assuming that RNEL will continue in operation in unhindered manner.

### **Exclusions and Limitations**

Our Opinion and Analysis is limited to the extent of review of the valuation report by the Valuer and the Draft Scheme Document. In connection with the opinion, we have

- A) Reviewed Valuation Report by the Valuer dated 22<sup>nd</sup> November, 2024;
- B) Reviewed Audited Financial results of TOPL for the period ended November 08, 2024;
- C) Latest shareholding pattern and capital structure of the Companies;
- D) Reviewed Memorandum and Articles of Association of RNEL and TOPL;
- E) Reviewed Draft Scheme of Arrangement and Amalgamation;
- F) Held discussions with the Valuer, in relation to the approach taken to Valuation and the details of various methodologies utilized by them in preparing the Valuation Report and recommendations;
- G) Reviewed such other information and explanations as we have required and which have been provided by the Management of TOPL and RNEL.

This Opinion is intended only for the sole use and information of Companies and in connection with the Scheme, including for the purpose of obtaining Judicial and Regulatory Approvals for the Scheme or the purpose of complying with the SEBI Regulations and requirement of Stock Exchanges on which the Company is listed, and for no other purpose.





We are not responsible in any way to any Person/Party/Statutory Authority for any decision of such Person or Party or Authority based on this opinion. Any Person/Party intending to provide finance or invest in the Shares/Business of either TOPL and/or RNEL or their Subsidiaries /Joint Ventures/Associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this Assignment, Navigant has relied on the Valuation Report for the proposed Scheme of Amalgamation and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant's work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

Navigant has not carried out any physical verification of the Assets and Liabilities of the Companies and takes no responsibility on the identification and availability of such Assets and Liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the Board /General Meetings of TOPL and RNEL and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Amalgamation with the provisions of any Law including Companies, Taxation and Capital Market related Laws or as regards any Legal implications or issues arising thereon.

The information contained in this Report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The Report has been prepared solely for the purpose of giving a Fairness Opinion on Valuation Report issued for the proposed Scheme of Amalgamation between TOPL and RNEL, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing Audit tests for the purpose of expressing an Opinion on the Fairness or Accuracy of any Financial or Analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any Opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.



We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on TOPL and RNEL and their respective Shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective Companies have obtained such advice as they deemed necessary from qualified Professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which TOPL and RNEL and/or their Associates/ Subsidiaries, are or may be Party.

The Company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any Shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

### **Our Fairness Opinion:**

Based upon Valuation Report issued by the Valuer for the Scheme and the rationale fair Share Exchange Ratio as explained above is **fair and justified**.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on Valuation.

**For Navigant Corporate Advisors Limited**



**Sarthak Vijlani**  
**Managing Director**