

**Independent Auditors' Report**

To the Members of Reliance Unmanned Systems Limited

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying financial statements of **Reliance Unmanned Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

**Management's Responsibility for the Ind AS Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of state of affairs (financial position), losses (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its losses (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matters

9. The comparative financial information of the Company for the year ended March 31, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended March 31, 2016 dated May 12, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above said matters.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("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.
11. As required by Section 143(3) of the Act, we report that:
- 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;
  - 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;
  - The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - 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. There were no pending litigations which would impact the financial position of the Company.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
  - iv. The Company did not have any holding or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer note no. 17 to Ind AS financial statements.

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

Vishal D. Shah  
Partner  
Membership No.119303

Place: Mumbai  
Date: April 10, 2017

**Annexure A to Auditors' Report**

**Referred to in our Auditors' Report of even date to the members of Reliance Unmanned Systems Limited on the Ind AS financial statements for the year ended March 31, 2017**

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- (i) The Company does not have any fixed assets, hence the reporting requirements under paragraph 3(i) (a), (b) and (c) of the Order are not applicable.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) In our opinion and according to the information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.
- (vii)
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, customs duty, excise duty and value added tax as at March 31, 2017 which have not been deposited on account of a dispute.
- (viii) During the year the Company has not availed loan from any financial institution or bank or debenture holders hence the reporting requirements under paragraph 3(viii) of the order is not applicable.

- (ix) During the year the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans hence the reporting requirements under paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company has not paid managerial remuneration during the year and hence, the reporting requirement under paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Vishal D. Shah  
Partner  
Membership No.119303

Place: Mumbai  
Date: April 10, 2017

**Annexure - B to Auditor's report**

[Annexure to the Independent Auditor's Report referred to in paragraph "11(f)" under the heading "Report on other legal and regulatory requirements" of our report of even date on the Ind AS financial statements of Reliance Unmanned Systems Limited for year ended March 31, 2017.]

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

We have audited the internal financial controls over financial reporting of Reliance Unmanned Systems Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

**Vishal D. Shah**  
Partner  
Membership No.119303

Place: Mumbai  
Date: April 10, 2017

**Reliance Unmanned Systems Limited**

**Accounts for the year ended on March 31, 2017**



Rellance Unmanned Systems Limited  
Balance Sheet as at March 31, 2017

Rs in Hundreds

Particulars	Notes	As at March 31, 2017	As at March 31, 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Financial Assets			
- Investments	2	4,361.53	4,134.55
- Cash and Cash Equivalents	3	301.19	710.41
<b>Total Current assets</b>		<b>4,662.71</b>	<b>4,844.96</b>
<b>Total Assets</b>		<b>4,662.71</b>	<b>4,844.96</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	4	5,000.00	5,000.00
Other Equity	5	(738.97)	(327.54)
<b>Total Equity</b>		<b>4,261.03</b>	<b>4,672.46</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities			
- Trade Payables	6	401.68	172.50
<b>Total Current Liabilities</b>		<b>401.68</b>	<b>172.50</b>
<b>Total Equity and Liabilities</b>		<b>4,662.71</b>	<b>4,844.96</b>

The accompanying notes form an intergral part of Financial Statements 1 to 19

As per our attached Report of even date

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

For and on behalf of the Board of Directors

Vishal D. Shah  
Partner  
Membership No. 119303

Surendra Khot Director  
DIN : 00436838

Rajesh Bagga Director  
DIN : 01568773

Place : Mumbai  
Date : Apr 10, 2017

Place : Mumbai  
Date : Apr 10, 2017

Reliance Unmanned Systems Limited  
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note	Rs in Hundreds	
		Year ended March 31, 2017	Period ended March 31, 2016
Other Income			
<b>Total income</b>	7	452.51	378.30
<b>Expenses</b>			
Other Expenses			
<b>Total expenses</b>	8	863.95	705.84
<b>Loss before tax</b>			
		(411.43)	(327.54)
Tax Expense :			
- Current tax		-	-
- Deferred tax		-	-
<b>Profit/(Loss) after tax</b>		(411.43)	(327.54)
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(loss)</b>		(411.43)	(327.54)
<b>Earnings per equity share (Face Value of Rs 10 each)</b>	15		
Basic earnings per share		(0.82)	(0.66)
Diluted earnings per share		(0.82)	(0.66)

The accompanying notes form an intergral part of Financial Statements

1 to 19

As per our attached Report of even date

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

For and on behalf of  
the Board of Directors

Vishal D. Shah  
Partner  
Membership No. 119303

Surendra Khot      Rajesh Bagga  
Director              Director  
DIN : 00436838      DIN : 01568773

Place : Mumbai  
Date : Apr 10, 2017

Place : Mumbai  
Date : Apr 10, 2017

Reliance Unmanned Systems Limited  
Statement of Cash Flows for the year ended March 31, 2017

Rs in Hundreds

Particulars	Year ended March 31, 2017	Period ended March 31, 2016
<b>Cash flow from Operating Activities</b>		
Loss before tax	(411.43)	(327.54)
<b>Adjustments for:</b>		
Dividend Income	(208.91)	(118.53)
Stamp Duty & Filing Expenses	75.12	282.49
Profit on sale/redemption of investments (net)	(25.80)	-
Changes in fair value of financial assets at fair value through profit or loss	7.73	(16.02)
<b>Cash generated from operations before working capital changes</b>	(563.30)	(179.60)
<b>Adjustments for:</b>		
Increase in Financial Liabilities & Other Liabilities	229.18	172.50
<b>Cash generated from operations</b>	(334.12)	(7.10)
Income taxes paid	-	-
<b>Net Cash used in Operating Activities (A)</b>	(334.12)	(7.10)
<b>Cash flows from Investing Activities</b>		
Purchase of Investment	(234.71)	(7118.53)
Proceeds from sale/redemption of investment	-	3000.00
Profit on sale/redemption of investments (net)	25.80	-
Dividend received	208.91	118.53
<b>Net Cash generated from / (used In) Investing Activities (B)</b>	-	(4000.00)
<b>Cash flow from Financing Activities</b>		
Stamp Duty and Filing Fees	(75.12)	(282.49)
Proceeds from issue of shares	-	5000.00
<b>Net Cash generated from / (used In) Financing Activities (C)</b>	(75.12)	4717.51
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	(409.24)	710.41
Cash and Cash Equivalents as at the beginning of the year/period	710.41	-
Cash and Cash Equivalents as at end of the year/period	301.19	710.41
<b>Net Increase/(Decrease) as disclosed above</b>	(409.23)	710.41
<b>Cash and Cash Equivalents at the end of the year/period comprises of :</b>		
Cash and cash equivalents (note 3)	301.19	710.41
<b>Total Cash and Cash Equivalent</b>	301.19	710.41

The above statement of Cash Flows should be read in conjunction with the accompanying notes (1 to 19)

As per our attached Report of even date

For Pathak H D & Associates  
Chartered Accountants  
Firm Registration No. 107783V

For and on behalf of  
the Board of Directors

Vishal D. Shah  
Partner  
Membership No. 119303

Surendra Khot Rajesh Bagga  
Director Director  
DIN : 00436838 DIN : 01568773

Place : Mumbai  
Date : Apr 10, 2017

Place : Mumbai  
Date : Apr 10, 2017

Reliance Unmanned Systems Limited  
Statement of Changes in Equity for the year ended March 31, 2017

A. EQUITY SHARE CAPITAL

Rs in Hundreds

Particulars	Balance at the beginning of the year/period	Changes in equity share capital during the year/period	Balance at the end of the year/period
As at March 31, 2016	-	5,000.00	5,000.00
As at March 31, 2017	5,000.00	-	5,000.00

B. OTHER EQUITY

Rs in Hundreds

Particulars	Reserves and Surplus		Total
	Retained Earnings	Other Reserves	
As at April 01, 2015	-	-	-
Loss for the period	-	-	-
Other Comprehensive Income for the period	(327.54)	-	(327.54)
Total Comprehensive Income/(Loss) for the period	(327.54)	-	(327.54)
Balance as at March 31, 2016	(327.54)	-	(327.54)
As at April 01, 2016	(327.54)	-	(327.54)
Loss for the year	(411.43)	-	(411.43)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income/(Loss) for the year	(411.43)	-	(411.43)
As at 31st March, 2017	(738.97)	-	(738.97)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1 to 19)

As per our attached Report of even date

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

For and on behalf of the Board of Directors

Vishal D. Shah  
Partner  
Membership No. 119303

Surendra Khot      Rajesh Bagga  
Director              Director  
DIN : 00436838      DIN : 01568773

Place : Mumbai  
Date : Apr 10, 2017

Place : Mumbai  
Date : Apr 10, 2017

## Reliance Unmanned Systems Limited

### Notes annexed to and forming part of the Financial Statements

#### Background of the Company:

The objective of the Company is to undertake and carry on the business of manufacturing, developing, designing unmanned Land, Aerial Sea vehicles, drones, remotely piloted aircrafts, Aerial Targets, Unmanned conventional and VTOL systems Autonomous Unmanned Aerial, Sea and Sub-surface vehicles, Autonomous Underwater Vehicles, Mine Identification and Disposal Vehicles, surveillance systems, Ground Control Stations, Data Link, GIES, Ground Launchers and related spare parts and accessories for use in a variety of end user segments, including the Defence and Para-Military Forces, Government and Civil Agencies, customers and enterprises.

The Company is a public limited company incorporated and domiciled in India. The registered office of the Company is located at 502, Plot No. 91/94, Prabhat Colony, Santacruz (East), Mumbai - 400 055

These financial statements of the Company for the year ended March 31, 2017 were authorised for issue by the board of directors on April 10, 2017. Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

#### 1. Significant Accounting Policies:

##### a) Basis of Preparation, Measurement and Significant Accounting Policies

###### (i) Compliance with Indian Accounting Standards (Ind AS)

The Financial statements of the Company comply in all material aspects with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules and other accounting principles. The policies set out below have been consistently applied during the years presented.

###### (ii) Basis of Preparation

The financial statements for all periods up to and including the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Section 133 of Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 ("Previous GAAP").

As these financial statements for the year ended March 31, 2017 are the first financial statements of the Company prepared in accordance with Ind AS, Ind AS 101, "First-time Adoption of Indian Accounting Standards" has been applied. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in Note No.12

These financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest Rupees, unless otherwise stated..

###### (iii) Basis of Measurement

The Financial Statement have been prepared on the historical cost convention on accrual basis except for certain financial instrument that are measured at amortised cost at the end of each reporting period.

###### (iv) New Standards and Interpretations not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, "Statement of Cash Flows". The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7 "Statement of Cash Flows":

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

## Reliance Unmanned Systems Limited

### Notes annexed to and forming part of the Financial Statements

#### b) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. The estimates, judgements and assumptions affect the application of accounting policies and reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, at the date of financial statements and reported amounts of revenues and expenses during the period. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### c) Current versus Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- Held primarily for the purpose of trading

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is 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
- Held primarily for the purpose of trading

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### d) Revenue Recognition Policy

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company. The Company bases its estimates on historical results, taking into consideration the type of transaction.

#### Others

Dividend on investment is recognized in statement of Profit and Loss only when the right to receive the payment is established.

Income from investments is recognized based on the terms of the investment. Income from mutual fund schemes having fixed maturity plan is accounted on declaration of dividend or on maturity of such investments. Interest income is recognized on a time proportion basis after taking into account the principal amount outstanding and the rate applicable.

All other types of Income and Expenses are recognised on accrual basis of accounting.

#### e) Financial Instruments:

##### 1. Financial Assets

##### ] Classification

The Company shall classify financial assets measured at amortised cost, fair value through other

## Reliance Unmanned Systems Limited

### Notes annexed to and forming part of the Financial Statements

comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### **II] Initial recognition and measurement**

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

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised costs.

#### **III] Subsequent Measurement**

For purpose of subsequent measurement financial assets are classified in two broad categories:

- (a) Financial assets at fair value or
- (b) Financial assets at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Where assets are measured at fair value, gains or loss are either recognised entirely in the statement of profit and loss (i.e fair value through profit or loss) or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

All other financial assets is measured at fair value through profit or loss.

#### **IV] Impairment of Financial Assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### **V] Derecognition of Financial Assets**

A financial asset is derecognised only when:

- Right to receive cash flow from assets have expired or
- The Company has transferred the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **2. Financial Liabilities**

#### **I] Initial recognition and measurement**

All financial liabilities are recognised at fair value. The Company financial liabilities include and other Payables, loans and borrowings.

**II] Subsequent Measurement**

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss

**(i) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**(ii) Trade and Other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**III] Derecognition of Financial Liabilities**

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

**f) Measurement of fair values**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

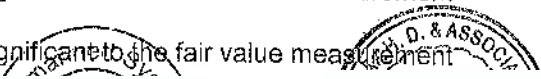
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.





## Reliance Unmanned Systems Limited

### Notes annexed to and forming part of the Financial Statements

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for recurring and non-recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Quantitative disclosures of fair value measurement hierarchy (Note No.9).

#### g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### h) Contingent Liabilities and Contingent Assets

Contingent liabilities are possible obligation that arise from past events and whose existence will only be confirmed by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate. Contingent assets are neither recognised nor disclosed in the financial statements.

#### i) Cash and cash equivalent

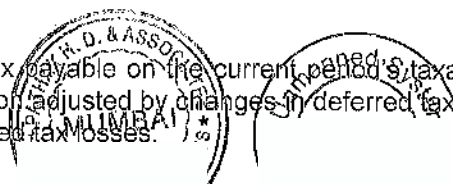
Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### j) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### k) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.



## **Reliance Unmanned Systems Limited**

### **Notes annexed to and forming part of the Financial Statements**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company and its subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transition that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income' or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

#### **1) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the reporting period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net 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 effects of all dilutive potential equity shares.

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

Note 2: Financial Assets : Current Investments

Rs in Hundreds

Particulars	Face value	As at March 31, 2017		As at March 31, 2016	
		Number of Units	Rs in Hundreds	Number of Units	Rs in Hundreds
<b>Investment in mutual funds</b>					
<b>Quoted</b>					
Reliance Money Manager Fund - Daily Dividend Plan	1,000	432.906	4,361.53	-	-
Reliance Money Manager Fund - Growth Plan Growth Option	1,000	-	-	199.269	4,134.55
<b>Total</b>		<b>432.906</b>	<b>4,361.53</b>	<b>199.269</b>	<b>4,134.55</b>
<b>Total current Investments</b>					
Aggregate amount of quoted investments and market value thereof		<b>4,361.53</b>	<b>4,361.53</b>	<b>4,134.55</b>	<b>4,134.55</b>

Note 3: Cash and Cash Equivalents

Rs in Hundreds

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with banks in - Current Account	301.19	710.41
<b>Total cash and cash equivalents</b>	<b>301.19</b>	<b>710.41</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

Note 4: Equity Share Capital

Authorised Share capital	Rs in Hundreds	
	As at	
	March 31, 2017	March 31, 2016
50,000 (50,000) Equity Shares of INR10 each	5,000.00	5,000.00
<b>Total Authorised Share capital</b>	<b>5,000.00</b>	<b>5,000.00</b>

Issued, Subscribed and Paid Up Share Capital	Rs in Hundreds	
	As at	
	March 31, 2017	March 31, 2016
50,000 (50,000) Equity Shares of INR10 each	5,000.00	5,000.00
<b>Total Issued, Subscribed and Paid Up Share capital</b>	<b>5,000.00</b>	<b>5,000.00</b>

(i) Movements in Share Capital

Particulars	Rs in Hundreds			
	As at March 31, 2017		As at March 31, 2016	
	No. of shares	INR	No. of shares	INR
Equity Shares -				
At the beginning of the year/period	50,000	5000.00	-	-
Add: Issued during the year/period	-	-	50,000	5000.00
Outstanding at the end of the year/period	<b>50,000</b>	<b>5000.00</b>	<b>50,000</b>	<b>5000.00</b>

(ii) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The Company declares and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subjected to the approval of Shareholders in the ensuing Annual General Meeting.

(iii) Shares of the company held by Holding company

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
	Reliance Defence Limited, the Holding Company	
50,000 equity shares of Rs. 10 each fully paid	5,000.00	5,000.00

(iv) Details of shareholders holding more than 5% shares in the company

Name of the Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% held	No. of Shares	% held
	Equity Shares of Rs. 10 each fully paid			
Reliance Defence Limited and its nominees	50,000	100%	50,000	100%

Note 5: Other Equity

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
	Retained Earnings	(738.97)
<b>Total Other Equity</b>	<b>(738.97)</b>	<b>(327.54)</b>

(i) Retained Earnings

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
	Balance as per last Balance Sheet	(327.54)
Add: Loss for the year/period	(411.43)	(327.54)
<b>Closing balance</b>	<b>(738.97)</b>	<b>(327.54)</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

Note 6: Trade Payables

Rs in Hundreds

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
Total outstanding dues to micro and small enterprises	-	-
Total outstanding dues to others	401.68	172.50
<b>Total</b>	<b>401.68</b>	<b>172.50</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

**Note 7: Other Income**

Particulars	Rs in Hundreds	
	Year ended March 31, 2017	Period Ended March 31, 2016
Dividend Income from Mutual Funds	208.91	118.53
Net gain/(loss) on financial assets mandatorily measured at fair value through profit or loss	-	16.02
Net gain/(loss) on sale of investments	25.80	-
Miscellaneous income	217.80	243.75
<b>Total</b>	<b>452.51</b>	<b>378.30</b>

**Note 8: Other Expenses**

Particulars	Rs in Hundreds	
	Year ended March 31, 2017	Period Ended March 31, 2016
<u>Auditors Remuneration</u>		
- Audit Fees	207.00	157.50
- Limited Review Fees	51.75	15.00
Rates and taxes	25.00	-
Stamp Duty and Filing fees	75.12	282.49
Legal and professional charges	184.03	3.60
Printing & Stationery	-	13.50
Miscellaneous expense	104.32	-
Consumables	209.00	233.75
Net gain/(loss) on financial assets mandatorily measured at fair value through profit or loss	7.73	-
<b>Total</b>	<b>863.95</b>	<b>705.84</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

Note 9. Fair Value Measurements

(a) Financial Instruments by category

(i) Significance of financial instruments

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
<b>Financial assets</b>		
<b>At amortised Cost</b>		
Cash and Cash equivalent	301.19	710.41
<b>At Fair value through profit &amp; loss</b>		
Mutual fund Investments	4,361.53	4,134.55
<b>Total financial assets</b>	<b>4,662.71</b>	<b>4,844.96</b>
<b>Financial liabilities</b>		
<b>At amortised Cost</b>		
Trade Payables	401.68	172.50
<b>Total financial liabilities</b>	<b>401.68</b>	<b>172.50</b>

The carrying amounts of cash and cash equivalents, borrowings, trade payables, interest accrued, employee benefits payable and other interest payable are considered to have their fair values approximately equal to their carrying values

(b) Fair value Hierarchy

(i) Fair value hierarchy - Recurring fair value measurements

Particulars	Rs in Hundreds	
	As at March 31, 2017	As at March 31, 2016
<b>Financial assets</b>		
<b>At Fair value through profit &amp; loss</b>		
<b>Level 1</b>		
Mutual fund Investments	4,361.53	4,134.55
<b>Total financial assets</b>	<b>4,361.53</b>	<b>4,134.55</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

Note 9. Fair Value Measurements

(b) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	<u>As at</u> <u>March 31, 2017</u>	<u>As at</u> <u>March 31, 2016</u>
<b>Financial assets</b>		
Level 3		
Cash and Cash equivalent	301.19	710.41
<b>Total financial assets</b>	<u>301.19</u>	<u>710.41</u>
<b>Financial liabilities</b>		
Level 3		
Trade Payables	401.68	172.50
<b>Total financial liabilities</b>	<u>401.68</u>	<u>172.50</u>

**Recognised fair value measurements**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.



**Note 10. Financial Risk Management**

The Company's risk management is carried out by a treasury department (company treasury) under policies approved by board of directors. Treasury team identifies, evaluates and hedges financial risk in close co-operation with the company's operating units. The Management of the Company provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk, use of derivative financial instrument and non-derivative financial instrument, and investments of excess liquidity.

**(I) 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.

The Company is engaged in Defence Business.

The Company does not have any significant exposure to credit risk.

**(ii) Cash and cash equivalents & Other Financial As**

The Company held cash and cash equivalents & other financial assets with credit worthy banks aggregating Rs. 301.19 Hundreds, and Rs. 710.41 Hundreds as at March 31, 2017 and March 31, 2016 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

**(III) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any significant currency risk and equity price risk.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk

**Liquidity risk - Table**

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2017				Rs in Hundreds
	Less than 1 year	Between 1 year and 2 years	Over 5 years	Total
<b>Non-derivatives</b>				
Borrowings				-
Trade and other payables	401.68			401.68
Other financial liabilities				-
<b>Total non-derivatives</b>	<b>401.68</b>	-	-	<b>401.68</b>
<hr/>				
As at March 31, 2016	Less than 1 year	Between 1 year and 2 years	Over 5 years	Total
<b>Non-derivatives</b>				
Borrowings				-
Trade and other payables	172.50			172.50
Other financial liabilities				-
<b>Total non-derivatives</b>	<b>172.50</b>	-	-	<b>172.50</b>

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

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Note 11: Income Tax and Deferred Tax (Net) :

11(a) Income tax expense

Particulars	Rs. In Hundreds	
	March 31, 2017	March 31, 2016
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>(A)</b>	<b>-</b>
Deferred tax		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>(B)</b>	<b>-</b>
<b>Income tax expense</b>	<b>(A + B)</b>	<b>-</b>

11(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Rs. In Hundreds	
	March 31, 2017	March 31, 2016
Loss before income tax expense	(411.43)	(327.54)
<b>Tax at the Indian tax rate of 34.608%</b>	<b>(142.39)</b>	<b>(113.35)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax losses for which no deferred income tax was recognised	142.39	113.35
<b>Income tax expense charged to statement of Profit and Loss</b>	<b>-</b>	<b>-</b>

Note: The Company has not recognised deferred tax asset on the unabsorbed losses as it does not claim the unabsorbed losses in the income tax returns filed by the Company.

11(c) Amounts recognised in respect of current tax/deferred tax directly in equity

Particulars	Rs. In Hundreds	
	March 31, 2017	March 31, 2016
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-

Reliance Unmanned Systems Limited  
Notes annexed to and forming part of the Financial Statements

**Note 12: First-time adoption of Ind AS**

**Transition to Ind AS**

This is the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016. Since the company was incorporated on April 24, 2015 there are no adjustments as on April 1, 2015 on transition date to Ind AS. In preparing its Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

**Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires the group to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**A. Reconciliation of Equity as at March 31, 2016**

Rs in Hundreds

Particulars	Notes to First Time Adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>Current Assets</b>				
Financial Assets				
- Investments	1	4118.53	16.02	4134.55
- Cash and Cash Equivalents		710.41	-	710.41
<b>Total Current Assets</b>		<b>4828.94</b>	<b>16.02</b>	<b>4844.96</b>
<b>Total Assets</b>		<b>4828.94</b>	<b>16.02</b>	<b>4844.96</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital		5000.00	-	5000.00
Other Equity	1	(343.56)	16.02	(327.54)
<b>Total Equity</b>		<b>4656.44</b>	<b>16.02</b>	<b>4672.46</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Financial Liabilities				
- Trade Payables		172.50	-	172.50
<b>Total Current Liabilities</b>		<b>172.50</b>	<b>-</b>	<b>172.50</b>
<b>Total Equity and Liabilities</b>		<b>4828.94</b>	<b>16.02</b>	<b>4844.96</b>

Reconciliation of Total Comprehensive Income for the period ended March 31, 2016

Rs in Hundreds

Particulars	Notes to First Time Adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Other Income	1	362.28	16.02	378.30
<b>Total income</b>		<b>362.28</b>	<b>16.02</b>	<b>378.30</b>
Expenses				
Other Expenses		705.84	-	705.84
<b>Total Expenses</b>		<b>705.84</b>	<b>-</b>	<b>705.84</b>
<b>Loss before tax</b>		<b>(343.56)</b>	<b>16.02</b>	<b>(327.54)</b>
Tax Expense :				
- Current tax		-	-	-
- Deferred tax		-	-	-
<b>Loss after tax</b>		<b>(343.56)</b>	<b>16.02</b>	<b>(327.54)</b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income/(Loss)</b>		<b>(343.56)</b>	<b>16.02</b>	<b>(327.54)</b>

Reconciliation of Total Equity as at March 31, 2016

Rs in Hundreds

Particulars	Notes to First Time Adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Total Equity (Shareholders Fund)		4,656.44	16.02	4,672.46

Impact of AS Adoption on the statement of cash flow for the period ended March 31, 2016

Rs in Hundreds

Particulars	Notes to First Time Adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash inflow/(outflow) from operating activities		(7.10)	-	(7.10)
Net cash inflow/(outflow) from investing activities		(4,000.00)	-	(4,000.00)
Net cash inflow/(outflow) from financing activities		4,717.51	-	4,717.51
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>710.41</b>	<b>-</b>	<b>710.41</b>
Cash and cash equivalents as at April 1, 2015				
<b>Cash and cash equivalents as at March 31, 2016</b>		<b>710.41</b>	<b>-</b>	<b>710.41</b>

**Note 1: Fair Value of Investments**

The Company has designated the investments in quoted Mutual Funds at FVTPL instruments. The gain and loss arising out of instruments fair value and Previous GAAP carrying amount are recorded in the Statement of Profit and Loss Account

**Reliance Unmanned Systems Limited****Notes annexed to and forming part of the Financial Statements****13. Segment wise Revenue, Results and Capital Employed**

The Company has not commenced its commercial operation hence; there are no separate reportable segments as required under Indian Accounting Standard 108 "Operating Segment" as prescribed under Section 133 of the Act.

**14. Related Party Disclosure**

As per Indian Accounting Standard – 24 as prescribed under Section 133 of the Act, the Company's related parties and transactions are disclosed below:

**(a) Parties where control exists:**

- (i) Ultimate Holding Company – Reliance Infrastructure Limited
- (ii) Holding Company - Reliance Defence Limited (RDL)

**(b) Other related parties with whom transactions have taken place during the year/period: None****(c) Details of transactions during the year/period and closing balances at the year/period end:**

Particulars	(Rs .in Hundreds)	
	RDL 2016-17	RDL 2015-16
<b>Transactions during the period:</b>		
(a) Balance Sheet Items:		
Issue of Equity Shares	-	5,000.00
(b) Expenses:		
Expenses incurred by Holding Company	67.06	35.30
<b>Closing Balance:</b>		
Share Capital	5,000.00	5,000.00
Trade and Other Payable	67.06	-

**15. Earnings per Share****(Rs. in Hundreds)**

Sr. No.	Particulars	Year ended March 31, 2017	Period ended March 31, 2016
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs.in Hundreds)	(411.43)	(327.54)
(ii)	Weighted Average Number of Equity Shares (Nos.)	50,000	50,000
(iii)	Nominal Value per Share (Rs.)	10	10
(iv)	Earnings per Equity Share- Basic	(0.82)	(0.66)
(v)	Earnings per Equity Share- Diluted	(0.82)	(0.66)

**Reliance Unmanned Systems Limited**

**Notes annexed to and forming part of the Financial Statements**

**16. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

17. The Company did not have any holding or dealing in specified bank note during the period from November 08, 2016 to December 30, 2016. Hence disclosure envisaged in notification G.S.R 308 (E) dated March 30, 2017 is not applicable to the Company.

**18. Capital Risk Management**

The Company considers the following components of its Balance Sheet to be managed capital:

1. Total equity – share capital, share premium and retained earnings,

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the group is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

19. Figures for the previous period have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year. Figures in bracket indicate previous year's figures.

**As per our attached report of even date**

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

**For and on behalf of the Board of Directors**

**Vishal D. Shah**  
Partner  
Membership No.: 119303

**Surendra Khot**  
Director  
DIN : 00436838

**Rajesh Bagga**  
Director  
DIN : 01568773

**Place: Mumbai**  
**Date : April 10, 2017**

**Place: Mumbai**  
**Date : April 10, 2017**