

Reliance Defence Systems Private Limited

Accounts for the year ended on March 31, 2016

Reliance Defence Systems Private Limited
Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	1,00,000	1,00,000
(b) Reserves and Surplus	3	(6389,80,827)	(548,15,825)
		(6388,80,827)	(547,15,825)
2. Non- Current Liabilities			
(a) Long Term Borrowings	4	149238,35,700	-
(b) Long Term Provisions	5	42,361	-
		149238,78,061	-
3. Current Liabilities			
(a) Short Term Borrowing	6	-	1811,27,000
(b) <u>Trade Payable</u> :			
Total outstanding dues to micro and small enterprises		-	-
Total outstanding dues to others		40,51,740	15,000
(c) Other Current Liabilities	7	38,40,995	-
(d) Short-Term Provisions	8	36,60,401	-
		115,53,136	1811,42,000
Total		142965,50,370	1264,26,175
II. ASSETS			
1. Non-Current Assets			
(a) Fixed assets			
Tangible Assets	9	32,52,420	-
(b) Non-Current Investments	10	142826,27,856	-
(c) Long-Term Loans and Advances	11	42,76,374	-
		142901,56,650	-
2. Current Assets			
(a) Cash and Cash Equivalents	12	62,82,865	1264,26,175
(b) Short-Term Loans and Advances	13	1,10,855	-
		63,93,720	1264,26,175
Total		142965,50,370	1264,26,175

Significant Accounting Policies and Notes to Financial Statements

1 to 30

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

Lalit Jalan
Director
DIN : 00270338

Sateesh Seth
Director
DIN : 00004631

Place : Mumbai
Date : May 14, 2016

Place : Mumbai
Date : May 14, 2016

Reliance Defence Systems Private Limited
Statement of Profit and Loss for the Year Ended March 31, 2016

Particulars		Note No.	Year Ended March 31, 2016 (Amount in Rs.)	Period Ended March 31, 2015 (Amount in Rs.)
I	Revenue:			
	Other Income	14	165,21,046	-
II	Total Revenue		165,21,046	-
III	Expenses:			
	(a) Employee Benefits Expenses	15	356,04,374	-
	(b) Finance Cost	16	4979,77,613	-
	(c) Depreciation and Amortization Expense	9	3,15,727	-
	(d) Other Expenses	17	667,88,334	548,15,825
IV	Total Expenses		6006,86,048	548,15,825
V	Profit /(Loss) before Tax (II - IV)		(5841,65,002)	(548,15,825)
VI	Tax Expense:			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
	(3) Income Tax for earlier years		-	-
VII	Profit / (Loss) after Tax (V-VI)		(5841,65,002)	(548,15,825)
VIII	Earnings per equity share (face value of Rs 10 per share.) :	24		
	(1) Basic		(58,416.50)	(5,481.58)
	(2) Diluted		(58,416.50)	(5,481.58)

Significant Accounting Policies and Notes to Financial Statements

1 to 30

As per our attached Report of even date

For Pathak H D & Associates

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Director

DIN : 00004631

Place : Mumbai

Date : May 14, 2016

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Date : May 14, 2016

Reliance Defence Systems Private Limited
Cash Flow Statement for the Year Ended March 31, 2016

(Amount in Rs.)

Particulars	Year Ended March 31, 2016	Period Ended March 31, 2015
A Cash Flow from Operating Activities		
Profit / (Loss) before Tax	(5841,65,002)	(548,15,825)
Adjustments for:		
Depreciation	3,15,727	-
Interest on Fixed Deposit	(80,63,734)	-
Stamp Duty and Filing fees	300,11,350	547,91,624
Operating loss before Working Capital Changes	(5619,01,659)	(24,201)
Adjustments for :		
Trade and other Receivables	(35,80,855)	-
Trade and other payables	115,80,497	15,000
	(5539,02,017)	(9,201)
Income Tax paid (net of refund)	(8,06,374)	-
Net Cash generated from / (used in) Operating Activities	(5547,08,391)	(9,201)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(35,68,147)	-
Interest on Fixed Deposit	80,63,734	-
Purchase of Investments	(142826,27,856)	-
Net Cash generated from / (used in) Investing Activities	(142781,32,269)	-
C Cash Flow from Financing Activities		
Proceeds from Issue of Shares	-	1,00,000
Sub Ordinate Debts Received	147427,08,700	-
Inter Corporate Deposits Received	-	1811,27,000
Stamp Duty and Filing fees	(300,11,350)	(547,91,624)
Net Cash generated from Financing Activities	147126,97,350	1264,35,376
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1201,43,310)	1264,26,175
Opening Balance of Cash and Cash Equivalents	1264,26,175	-
Closing Balance of Cash and Cash Equivalents (Refer Note 12)	62,82,865	1264,26,175
Net Increase/(Decrease) in Cash and Cash Equivalents	(1201,43,310)	1264,26,175
Previous period figures have been regrouped, rearranged and reclassified wherever necessary to confirm to the current year		

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

Lalit Jalan
Director
DIN : 00270338

Sateesh Seth
Director
DIN : 00004631

Place : Mumbai
Date : May 14, 2016

Place : Mumbai
Date : May 14, 2016

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 2 : Share Capital

Particulars		As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)	
(a) Authorised:				
250,00,00,000 Equity Shares of Rs.10 each		250000,00,000	1,00,000	
100,00,00,000 Preference Shares of Rs. 10 each		100000,00,000	-	
		350000,00,000	1,00,000	
(b) Issued, Subscribed and Paid up				
10,000 Equity Shares of Rs.10 each Fully Paid up		1,00,000	1,00,000	
Total issued, subscribed and fully paid-up share capital		1,00,000	1,00,000	
(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year				
Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	(Amount in Rs.)	No. of Shares	(Amount in Rs.)
As at the beginning of the year	10,000	1,00,000	-	-
Add: Issued during the year/period	-	-	10,000	1,00,000
Outstanding as at the end of the year	10,000	1,00,000	10,000	1,00,000
Shares are issued at Par value of Rs. 10				
(b) 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, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
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.				
(c) Shares held by holding/ultimate holding Company and/or their subsidiaries/associates				
Out of equity shares issued by the Company, shares held by its holding Company, ultimate holding Company and their subsidiaries/associates are as below:				
Name	As at March 31, 2016		As at March 31, 2015	
	Amount in Rs		Amount in Rs	
Reliance Infrastructure Limited, the ultimate Holding Company				
10,000 equity shares of Rs. 10 each fully paid	-		1,00,000	
Reliance Defence Limited, the Holding Company				
10,000 equity shares of Rs. 10 each fully paid	1,00,000		-	
(d) Details of shareholders holding more than 5% shares in the company				
Name of the Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of Rs. 10 each fully paid				
Reliance Infrastructure Limited and its nominees	-	-	10,000	100%
Reliance Defence Limited and its nominees	10,000	100%	-	-
As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.				

Note 3: Reserves and Surplus

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Surplus/(Deficit) as per Statement of Profit and Loss		
Balance As Per Last Balance Sheet	(548,15,825)	-
Add: Net Profit/(Loss) for the year	(5841,65,002)	(548,15,825)
Balance as at end of the year	(6389,80,827)	(548,15,825)

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 4: Long Term Borrowing

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Unsecured Loans from Related Party		
0% Sub Ordinate Debts (The sub ordinate debt is taken from the ultimate holding company M/s Reliance Infrastructure Limited. This sub ordinate debt to be repaid by mutual consent of the parties only after primary lenders are paid in full and in installments as may be mutually agreed between the issuer and investor)	149238,35,700	-
	149238,35,700	-

Note 5: Long Term Provisions

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2016 (Amount in Rs.)
Provision for Employee Benefits		
Provision for Leave Encashment (Refer Note 19)	42,361	-
	42,361	-

Note 6: Short Term Borrowing

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Unsecured Loans from Related Party		
Inter Corporate Deposits (The Inter Corporate Deposit is taken from the ultimate holding company M/s Reliance Infrastructure Limited. This Inter Corporate Deposit is unsecured, interest free and shall be repaid based on available cash flow)	-	1811,27,000
	-	1811,27,000

Note 7: Other Current Liabilities

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Employees' Payable	26,02,661	-
Statutory Dues Payables	12,38,334	-
	38,40,995	-

Note 8: Short Term Provisions

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2016 (Amount in Rs.)
Provision for Employee Benefits		
Provision for Leave Encashment (Refer Note 19)	35,89,759	-
Provision for Gratuity (Refer Note 19)	70,642	-
	36,60,401	-

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 9: Fixed Assets

(Amount in Rs.)

Particulars	Gross Block (at cost)				Depreciation/Amortisation				Net block	
	As at April 1, 2015	Additions during the year	Deductions	As at March 31, 2016	As at April 1, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible :										
Vehicle	-	31,61,603	-	31,61,603	-	2,65,380	-	2,65,380	28,96,223	-
Data Processing Machine	-	4,06,544	-	4,06,544	-	50,347	-	50,347	3,56,197	-
Total	-	35,68,147	-	35,68,147	-	3,15,727	-	3,15,727	32,52,420	-

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 10 : Non Current Investments (Non-trade)

(Amount in Rs.)

Particulars	No.of Units	Face Value	(Amount in Rs.)	
			As at March 31, 2016	As at March 31, 2015
Investment in Equity Instruments (Valued at Cost) (Fully Paid up, unless otherwise stated) - Associate Companies (Quoted)				
Reliance Defence and Engineering Limited* (Formerly Pipavav Defence and Offshore Engineering Company Limited)	2201,03,025	10	142826,27,856	-
Total			142826,27,856	-
		Book Value	Market value	
Aggregate Value of Quoted Investments		142826,27,856	149560,00,549	
Aggregate Value of Unquoted Investments		-	-	
		142826,27,856	149560,00,549	

* 220,103,025 (-) shares of Reliance Defence and Engineering Limited have been pledged with Yes Bank Limited, with lenders of Reliance Infrastructure Limited

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 11: Long-Term Loans and Advances

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Deposits - Others	34,70,000	-
Advance Income Tax (Net of Provision for Tax)	8,06,374	-
	42,76,374	-

Note 12: Cash and Cash Equivalents

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Balances with Bank in Current Account	62,82,865	91,175
Fixed Deposits with Scheduled Banks (Maturity Less than 3 Months)	-	1263,35,000
	62,82,865	1264,26,175

Note 13: Short Term Loans and Advances

Particulars	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
<u>Unsecured, considered good, unless otherwise stated</u>		
Advances to Staff	70,407	-
Advances to Vendors	300	-
Prepaid Expenses	40,148	-
	1,10,855	-

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Note 14: Other Income

Particulars	Year ended March 31, 2016 (Amount in Rs.)	Period ended March 31, 2015 (Amount in Rs.)
Interest Income on Fixed Deposit	80,63,734	-
Interest - Others	1,495	-
Miscellaneous Income	84,55,817	-
	165,21,046	-

Note 15: Employee Benefit Expenses

Particulars	Year ended March 31, 2016 (Amount in Rs.)	Period ended March 31, 2015 (Amount in Rs.)
Salaries, Wages and Bonus (Refer Note 19)	290,17,196	
Contribution to Provident and other funds (Refer Note 19)	5,84,152	
Contribution to Gratuity (Refer Note 19)	70,642	
Leave Encashment (Refer Note 19)	36,76,008	
Staff Welfare Expenses	22,56,376	
	356,04,374	-

Note 16: Finance Cost

Particulars	Year ended March 31, 2016 (Amount in Rs.)	Period ended March 31, 2015 (Amount in Rs.)
Interest paid - Others	4979,77,613	-
	4979,77,613	-

Note 17: Other Expenses

Particulars	Year ended March 31, 2016 (Amount in Rs.)	Period ended March 31, 2015 (Amount in Rs.)
Rent	19,02,500	-
Communication Expenses	15,78,672	-
Legal and Professional Fees	16,12,236	-
<u>Auditors Remuneration</u>		
- Audit Fees	44,100	15,000
- Limited Review Fees	1,500	-
Travelling and Conveyance	92,30,303	-
Hire Charges	12,74,162	-
Brokerage and Commission	5,90,700	-
Entertainment and Hospitality	89,261	-
Insurance	29,770	-
House Keeping Expenses	15,61,040	-
Printing and Stationery	83,931	-
Advertisement Expenses	28,25,175	-
Miscellaneous Expenses	85,91,462	9,201
Stamp Duty and Filing fees	300,11,350	547,91,624
Postage and Courier	50,02,290	-
Repairs and Maintenance	23,35,317	-
Rates and Taxes	24,565	-
	667,88,334	548,15,825

Reliance Defence Systems Private Limited

Notes annexed to and forming part of the Financial Statements

Background of the Company

The Company mission is to acquire capabilities and develop in-house expertise in Land based weapon platforms and systems, Air Combat vehicles, aircraft and avionics, Missiles, Unmanned systems and C4ISR systems, Surface & sub-surface ship building and development.

1. Significant Accounting Policies:

(a) Basis of preparation of financial statements

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India (Indian GAAP), and comply in material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (read with Rule 7 of the Companies (Accounts) Rule, 2014).

(b) Presentation and disclosure of financial statements

The Preparation and presentation of financial statements is made in accordance with the requirements of Schedule III under the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

(c) Use of Estimate

The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the financial statements and reported amount of revenue and expenses during the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

(d) Revenue Recognition Policy

Dividend on investment is recognized when the right to receive the payment is established.

Income from investments is recognized based in 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) Fixed Assets

Fixed Assets including intangible assets, are stated at cost net of value added tax less accumulated depreciation / amortization and impairment loss, if any.

(f) Depreciation / Amortization

Depreciation on Tangible Fixed Assets is provided on Straight Line Method based on the useful life as prescribed in Schedule II to the Act.

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

(g) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of Fixed Assets / Cash Generating Units exceeds recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

(h) Accounting for Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

(i) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(j) Employee Benefits

Contributions to defined contribution schemes such as provident fund, superannuation funds etc. are charged to Statement of Profit and Loss. The Company also provides for retirement benefits in the form of gratuity and leave encashment. The liability in respect of this defined benefit plans is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Such defined benefits are charged to Statement of Profit and Loss based on actuarial valuations, as at the balance sheet date, made by independent actuaries. Actuarial Gain and loss is recognized in the Statement of Profit and Loss.

(k) Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(l) Provisions

Provisions are recognized 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.

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

(m) Contingent liability and contingent assets

A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

(n) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and demand deposits with banks and short-term investments with an original maturity of three months or less.

(o) 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 period.

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 Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

18. Capital Commitment

Estimated amount of acquisition of equity shares of Reliance Defence and Engineering Limited (RDEL) (formerly Pipavav Defence and Offshore Engineering Company Limited) (Refer Note 26).

19. Disclosure under Accounting Standard 15 (revised 2005) “Employee Benefits”:

The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a. Provident fund
- b. Employers’ Contribution to Employees’ Pension Scheme

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner. Under the schemes, the company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognised the following amounts in the Statement of Profit and Loss:

(Amount in Rs.)			
Sr.No.	Particulars	2015 - 2016	2014 - 2015
(i)	Contribution to Provident Fund	517,311	-
(ii)	Contribution to Employees Pension Scheme	7,500	-

(B) Defined Benefit Plans

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Sr. No.	Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
		2015-2016	2014-2015	2015-2016	2014-2015
(i)	Discount Rate (Per annum)	7.80%	-	7.80%	-
(ii)	Rate of increase in Compensation levels	7.50%	-	7.50%	-
(iii)	Rate of Return on Plan Assets	-	-	-	-

Sr. No.	Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
		2015-2016	2014-2015	2015-2016	2014-2015
(i)	Changes in present value of obligation				
	Opening Balance of Present Value of Obligation	-	-	-	-
	On acquisition/disposal of subsidiary Liability on transfer in / (out) of Employees (net)	-	-	-	-
	Interest Cost	-	-	-	-
	Current Service Cost	70,642	-	36,32,120	-
	Benefits Paid	-	-	-	-
	Actuarial (Gains) / Loss	-	-	-	-
	Closing Balance of Present Value of Obligation	70,642	-	36,32,120	-

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

(ii)	Changes in Fair Value of plan assets				
	Opening Balance of Present Value of Plan Assets	-	-	-	-
	On acquisition/disposal of subsidiary	-	-	-	-
	Planned Assets on transfer of employees (net)	-	-	-	-
	Expected return on Plan assets	-	-	-	-
	Contributions	-	-	-	-
	Benefits Paid	-	-	-	-
	Actuarial Gain / (Loss) on Plan assets	-	-	-	-
	Closing Balance of Fair Value of Plan Assets	-	-	-	-
	Plan assets pending Transfer	-	-	-	-
	Closing Balance of Fair Value of Plan Assets net of pending transfer	-	-	-	-
(iii)	Percentage of each category of Plan assets to total fair value of Plan assets as at the year/period end				
	Administered by various insurance companies	-	-	-	-
(iv)	Reconciliation of Present Value of Defined Present Obligations and the Fair Value of Assets				
	Closing Balance of Present Value of Obligation	70,642	-	36,32,120	-
	Closing Balance of Fair Value of Plan Assets net of pending transfers	-	-	-	-
	Amount not recognised as an asset (limit in para 59(b))	-	-	-	-
	(Asset) / Liability recognised in the Balance Sheet	70,642	-	36,32,120	-
(v)	Amounts recognised in the Balance Sheet				
	Closing Balance of Present Value of Obligation	70,642	-	36,32,120	-
	Closing Balance of Fair Value of Plan Assets net of pending transfers	-	-	-	-
	Amount not recognised as an asset (limit in para 59(b))	-	-	-	-
	Funded (Asset)/Liability recognised in the Balance Sheet	-	-	-	-
	Unfunded Liability recognised in the Balance Sheet	70,642	-	36,32,120	-
(vi)	Expenses recognised in the Statement of Profit and Loss				
	Current Service Cost	70,642	-	36,32,120	-
	Interest Cost	-	-	-	-
	Expected Return on Plan Assets	-	-	-	-
	Net Actuarial (Gain) / Loss	-	-	-	-
	Amount not recognised as an asset (limit in para 59(b))	-	-	-	-
	Total Expenses recognised in the Statement of Profit and Loss	70,642	-	36,32,120	-

Reliance Defence System Private Limited**Notes annexed to and forming part of the Financial Statements****Disclosure as required under para 120(n):**

Particulars	2015-16	2014-15	2013-12	2011-12	2010-11
Gratuity					
Present Value of the Defined Benefit Obligation	70,642	-	-	-	-
Fair Value of the Plan Assets	-	-	-	-	-
Surplus/ (Deficit) in the Plan	(70,642)	-	-	-	-
Experience adjustments On Plan Liabilities (Gain) / Loss	-	-	-	-	-
Experience adjustments On Plan Assets (Gain) / Loss	-	-	-	-	-
Leave Encashment					
Present Value of the Defined Benefit Obligation	36,32,120	-	-	-	-
Fair Value of the Plan Assets	-	-	-	-	-
Surplus/ (Deficit) in the Plan	(36,32,120)	-	-	-	-
Experience adjustments On Plan Liabilities (Gain) / Loss	-	-	-	-	-
Experience adjustments On Plan Assets (Gain) / Loss	-	-	-	-	-

20. 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 Accounting Standard 17 "Segment Reporting" as prescribed under Section 133 of the Companies Act, 2013.

21. Related Party Disclosure

As per Accounting Standard – 18 as prescribed under Section 133 of the Companies Act, 2013, 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 Infrastructure Limited (upto January 07, 2016)
Reliance Defence Limited (w.e.f January 07, 2016)

(b) Other related parties with whom transactions have taken place during the period:

- i. Associates - Reliance Defence and Engineering Limited (Formerly known as Pipavav Defence and Offshore Engineering Company Limited) [RDEL]
- ii. Person having significant influence over holding Company – Shri Anil Dhirubhai Ambani
- iii. Enterprises over which person described in (b)(ii) above has significant influence:-
 - (a) Reliance Communications Limited
 - (b) Campion Properties Limited
 - (c) Reliance Transport and Travels Private Limited

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

(c) Details of transactions during the period and closing balances at the year end:

Particulars	(Amount in Rs.)	
	2015-2016	2014-2015
Transactions during the year/period:		
(a) Balance Sheet Items:		
<u>Issue of Equity Shares</u>		
- Reliance Infrastructure Limited	-	1,00,000
<u>Subordinate Debts received/Conversion</u>		
- Reliance Infrastructure Limited	14,92,38,35,700	-
<u>Inter Corporate Deposits received</u>		
- Reliance Infrastructure Limited	-	18,11,27,000
(b) Expenses:		
Communication Expenses		
- Reliance Communications Limited	117,951	-
Travelling and Conveyance Expenses		
- Reliance Transport and Travels Private Limited	3,30,788	-
Expenses incurred by Holding Company		
- Reliance Infrastructure Limited	1,06,47,749	6,000
Closing Balances:		
(a) Share Capital		
- Reliance Infrastructure Limited	-	1,00,000
- Reliance Defence Limited (RDL)	1,00,000	-
(b) Long Term Borrowing (Subordinate Debts)		
- Reliance Infrastructure Limited	14,92,38,35,700	-
(c) Short Term Borrowing (ICD)		
- Reliance Infrastructure Limited	-	18,11,27,000

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

22. Disclosure as required under AS -19

Disclosure as required under AS - 19 "Accounting for Leases" as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 is given below :

- (a) The Company has entered into cancellable / non-cancellable leasing agreement for office, residential and warehouse premises renewable by mutual consent on mutually agreeable terms.
 (b) Future minimum lease payments under non-cancellable operating lease are as under:

Particulars	Lease Rental Debited to Statement of Profit and Loss (Cancellable and Non cancellable)	Future Minimum Lease Rentals			Period of Lease*
		Less Than 1 Year	Between 1 to 5 Years	More than 5 Years	
Rent	19,02,500	10,37,500	-	-	Various

The Lease terms are renewable on a mutual consent of Lessor and Lessee. The lease rentals have been included under the head under Note no. '17 – Other Expenses.

23. Disclosure under Section 186 (4) of the Companies Act, 2013:

During the year ended March 31, 2016, the Company has made investment in Reliance Defence and Engineering Limited (Formerly known as Pipavav Defence And Offshore Engineering Company Ltd.). Refer Note No. 10.

24. Earnings per Share

(Amount in Rs.)

Sr. No.	Particulars	Year ended March 31, 2016	Period ended March 31, 2015
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs.)	(58,41,65,001)	(5,48,15,825)
(ii)	Weighted Average Number of Equity Shares (Nos.)	10,000	10,000
(iii)	Nominal Value per Share (Rs.)	10	10
(iv)	Earnings per Equity Share- Basic	(58416.50)	(5481.58)
(v)	Earnings per Equity Share- Diluted	(58416.50)	(5481.58)

25. 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, 2016. 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.

26. During the year ended March 31, 2016, the Company (The Acquirer) and Reliance Infrastructure Limited (Person Acting in Concert referred as PAC) made an open offer to the public equity shareholders of Reliance Defence and Engineering Limited (RDEL) (formerly Pipavav Defence And Offshore Engineering Company Ltd.) (Target Company) to acquire up to 19,14,13,630 fully paid-up equity shares of Face value of Rs 10 each of the Target Company, constituting 26% of the total fully diluted equity share capital of the Target Company at an offer price of Rs. 66 per share (plus Rs. 3.59 per share towards interest at 10% p.a. for delay in payment beyond scheduled payment date viz. June15, 2015 as per the original offer till the date of actual payment i.e. 30.12.2015). In terms of the said offer, the Acquirer has acquired 13,87,12,427 shares of the Target Company, constituting 18.84% of the voting equity share capital at a total consideration of Rs. 965,29,97,795 crore (including interest of Rs. 49,79,77,613 crore). Subsequently, as per share purchase agreement dated March 4, 2015, the acquirer has also acquired 8,13,90,598 equity shares of the Target Company from the lenders of the Target Company at a total consideration of Rs. 512,76,07,674 crore whereby RDEL has become an associate of the company with holding of 29.90%. The balance shares to be acquired in terms of share purchase agreement are 4,86,09,402 equity shares at price of Rs. 63 per share.

Reliance Defence System Private Limited

Notes annexed to and forming part of the Financial Statements

27. Since the Company has not yet commenced its commercial operation and there is no timing difference between taxable income and accounting income, the question of recognising deferred tax assets / liabilities does not arise.
28. The Company's net worth has been eroded, however in the opinion of Board of Directors of the Company, in view of adequate financial support from its Promoters, it is appropriate to apply the Going Concern assumption in the preparation of the financial statements as on March 31, 2016. Hence the financial statements have been prepared on the basis that the Company is a Going Concern and that no adjustments are required to the carrying value of the assets and the liabilities.
29. Information to the extent not disclosed, with regards to Matters specified in 5 of the Schedule III of the Companies Act, 2013 is either Nil or not applicable to the Company for the year ended March 31, 2016.
30. Figures for the previous periods have been regrouped / reclassified /rearranged wherever necessary to make them comparable to those for the current year.

As per our attached report of even date

For Pathak H. D. & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.: 119303

For and on behalf of the Board of Directors

Lalit Jalan

Director

DIN : 00270338

Sateesh Seth

Director

DIN : 00004631

Place: Mumbai

Date: May 14, 2016

Place: Mumbai

Date: May 14, 2016