

Independent Auditors' Report

To the Members of Reliance Defence System & Tech Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying financial statements of **Reliance Defence System & Tech Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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, 2018, and its losses (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. 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.
10. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) 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;
 - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

Pathak H.D. & Associates
Chartered Accountants

- 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, 2018.

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

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: April 19, 2018

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of Reliance Defence System & Tech Limited on the Ind AS financial statements for the year ended March 31, 2018.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The Company does not have any immovable properties, hence the reporting requirements under clause (i)(c) of paragraph 3 of the Order is 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) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, 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 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, goods and service 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, goods and service 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, goods and service tax, wealth-tax, service-tax, customs duty, excise duty, value added tax and cess as at March 31, 2018 which have not been deposited on account of a dispute.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, during the year the Company has not availed loan from financial institution or bank or debenture holders. Accordingly paragraph 3(viii) of the Order is not applicable.

Pathak H.D. & Associates

Chartered Accountants

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, 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) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as on March 31, 2018 and accordingly, 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 Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give 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.
- (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 19, 2018

Annexure - B to Auditor's report

[Annexure to the Independent Auditor's Report referred to in paragraph "10(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 Defence System & Tech Limited (formerly Reliance Space Limited) for year ended March 31, 2018.]

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 Defence System & Tech Limited (formerly Reliance Space Limited) ("the Company") as of March 31, 2018 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, 2018, 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 19, 2018

Reliance Defence Systems & Tech Ltd

Accounts for the year ended on March 31, 2018

Reliance Defence Systems & Tech Limited
Balance Sheet as at March 31, 2018

Rs in Hundreds

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	240.13	-
Financial Assets			
- Other Financial Assets	5	250.25	250.25
Other Non - Current Assets	6	4,544.74	-
Total Non-Current Assets		5,035.12	250.25
Current Assets			
Financial Assets			
- Investments	3	2,522.39	4,361.53
- Cash and Cash Equivalents	4	8,496.61	7,798.57
- Other Financial Assets	5	-	600.00
Other Current Assets	6	-	-
Total Current Assets		11,019.00	12,760.10
Total Assets		16,054.12	13,010.35
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	5,000.00	5,000.00
Other Equity	8	(2,87,273.32)	(64,928.95)
Total Equity		(2,82,273.32)	(59,928.95)
LIABILITIES			
Non-Current Liabilities			
Provisions	12	16,025.32	9,422.34
Total Non-Current Liabilities		16,025.32	9,422.34
Current Liabilities			
Financial Liabilities			
- Borrowings	9	2,48,000.00	42,200.00
- Trade Payables	27	26,384.61	10,749.90
- Other Financial Liabilities	10	-	647.05
Provisions	12	1,747.36	269.47
Other Current Liabilities	11	6,170.15	9,650.55
Total Current Liabilities		2,82,302.12	63,516.97
Total Liabilities		2,98,327.44	72,939.31
Total Equity and Liabilities		16,054.12	13,010.35

The accompanying notes form an intergral part of Financial Statements 1 to 28

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

Rajesh K Dhingra Director
DIN : 03612092
Sadacharan Ramasamy Director
DIN : 07459485

Place : Mumbai
Date : April 19, 2018

Place : Mumbai
Date : April 19, 2018

Reliance Defence Systems & Tech Limited
Statement of Profit and Loss for the year ended March 31, 2018

Rs in Hundreds

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Other Income	13	334.86	452.51
Total Income		334.86	452.51
Expenses			
Employee Benefits Expense	15	1,79,008.26	53,292.89
Finance Costs	14	1,536.73	747.59
Depreciation and amortisation expense	2	40.12	-
Other Expenses	16	42,246.84	11,022.79
Total Expenses		2,22,831.95	65,063.27
Loss before tax		(2,22,497.09)	(64,610.76)
Tax Expense :			
- Current tax		-	-
- Deferred tax		-	-
		-	-
Loss after tax		(2,22,497.09)	(64,610.76)
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit plans : Gains / (Loss) (net)		152.72	-
Other Comprehensive Income /(Loss)		152.72	-
Total Comprehensive Income/(Loss)		(2,22,344.37)	(64,610.76)
Earnings per equity share (Face Value of Rs 10 each)	26		
Basic earnings per share		(444.99)	(129.22)
Diluted earnings per share		(444.99)	(129.22)

The accompanying notes form an integral part of Financial Statements

1 to 28

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

Kajesh K Dhingra Sadacharam Ramasamy
Director Director
DIN : 03612092 DIN : 07459485

Place : Mumbai
Date : April 19, 2018

Place : Mumbai
Date : April 19, 2018

Reliance Defence Systems & Tech Limited
Statement of Cash Flows for the year ended March 31, 2018

Rs in Hundreds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from Operating Activities		
Loss before income tax	(2,22,497.09)	(64,610.76)
Adjustments for:		
Depreciation	40.12	-
Interest and Finance Cost	1,536.73	747.59
Provision for leave encashment and gratuity	11,288.69	9,691.81
Dividend Income	(160.86)	(208.91)
Stamp Duty & Filing Expenses	20.25	142.89
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
Cash generated from operations before working capital changes	(2,09,772.16)	(54,255.45)
Adjustments for:		
(Increase) in Financial Assets & Other Assets	(4,734.57)	(850.25)
Increase in Financial Liabilities & Other Liabilities	9,889.05	20,868.85
Cash generated from operations	(2,04,617.68)	(34,236.85)
Income taxes paid	-	-
Net cash used in Operating activities (A)	(2,04,617.68)	(34,236.85)
Cash flows from Investing Activities		
Purchase of property, plant and equipment	(280.25)	-
Purchase of investments	(160.86)	(234.71)
Proceeds from sale/redemption of investment	2,000.00	-
Profit on sale/redemption of investments (net)	-	25.80
Dividend received	160.86	208.91
Net cash used in Investing activities (B)	1,719.75	-
Cash flow from Financing Activities		
Stamp Duty & Filing Expenses	(20.25)	(142.89)
Proceeds from Short Term Borrowing (ICD)	2,05,800.00	42,200.00
Interest paid	(2183.78)	(747.59)
Net cash generated from Financing activities (C)	2,03,595.97	41,309.52
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	698.04	7,072.67
Cash and Cash Equivalents as at the beginning of the year	7,798.57	725.90
Cash and Cash Equivalents as at end of the year	8,496.61	7,798.57
Net Increase/(Decrease) as disclosed above	698.04	7,072.67

Cash and Cash Equivalents at the end of the year comprises of :		
Cash and cash equivalents (note 4)	8,496.61	7,798.57
Total Cash and Cash Equivalent	8,496.61	7,798.57

The above statement of Cash Flows should be read in conjunction with the accompanying notes (1 to 28)

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

Place : Mumbai
Date : April 19, 2018

For and on behalf of the Board of Directors

Rajesh K Dhingra Sadacharan Ramasamy
Director Director
DIN : 03612092 DIN : 07459485

Place : Mumbai
Date : April 19, 2018

Reliance Defence Systems & Tech Limited
Statement of Changes in Equity for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL

Rs. In Hundreds

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2017	5,000.00	-	5,000.00
As at March 31, 2018	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, 2016	(318.19)	-	(318.19)
Loss for the year	(64,610.76)	-	(64,610.76)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income/ (Loss) for the year	(64,610.76)	-	(64,610.76)
Balance as at March 31, 2017	(64,928.95)	-	(64,928.95)
As at April 01, 2017	(64,928.95)	-	(64,928.95)
Loss for the year	(2,22,497.09)	-	(2,22,497.09)
Other Comprehensive Income for the year	152.72	-	152.72
Total Comprehensive Income/(Loss) for the year	(2,22,344.37)	-	(2,22,344.37)
Balance as at March 31, 2018	(2,87,273.32)	-	(2,87,273.32)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1 to 28)

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

Rajesh K Dhingra Sadacharam Ramasamy
Director Director
DIN : 03612092 DIN : 07459485

Place : Mumbai
Date : April 19, 2018

Place : Mumbai
Date : April 19, 2018

Background of the Company:

The objective of the Company is to undertake and carry on the business of manufacturing, developing, designing programmes and systems for enhancing space capabilities, to render technological solutions to space-based support to military operations, operate and manage the defence satellite communication systems and control facilities, management, planning and control of the payloads on defence satellites, design and development of missiles of all kinds, design and develop satellite links for tactical war fighter communications and strategic communication networks, development and strengthening the global positioning system for use in a variety of end user segments, including the Defence Forces, customers, enterprises and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds.

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, 2018 were authorised for issue by the board of directors on April 19, 2018. 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 have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III to the Act, applicable Ind AS, other applicable pronouncements and regulations.

These financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest Hundreds with two decimals, 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.

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

Reliance Defence Systems & Tech Limited

Notes annexed to and forming part of the Financial Statements

- 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.

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

I] Classification

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

When 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 are 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 includes Trade 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.

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 17).

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 that 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) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, superannuation fund etc.

Defined Benefit Plans

(a) Gratuity obligations

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

discounting that amount and deducting the fair value of any plan assets.

Reliance Defence Systems & Tech Limited

Notes annexed to and forming part of the Financial Statements

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Provident Fund

The benefit involving employee established provident funds, which require interest shortfall to recompensated are to be considered as defined benefit plans.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

(iii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

m) 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.

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.

n) 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.

o) Recent Accounting Pronouncements:

(i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018 Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018, Since the Company does not have any foreign currency transactions and advance consideration there is no impact of this on the financial statements.

(ii) Ind AS 115 - Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated

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Notes annexed to and forming part of the Financial Statements

Note 2: Property, Plant and Equipment

Rs in Hundred

Particulars	Office Equipment	Total
Year ended March 31, 2017		
Gross Carrying Amount		
Opening gross carrying amount	-	-
Additions	-	-
Disposals	-	-
Closing Gross Carrying Amount	-	-
Accumulated Depreciation and Impairment		
Opening accumulated depreciation and impairment	-	-
Depreciation charge during the year	-	-
Disposals	-	-
Closing Accumulated Depreciation and Impairment	-	-
Net carrying amount as on March 31, 2017	-	-
Year ended March 31, 2018		
Gross Carrying Amount		
Opening gross carrying amount	-	-
Additions	280.25	280.25
Disposals	-	-
Closing Gross Carrying Amount	280.25	280.25
Accumulated Depreciation and Impairment		
Opening accumulated depreciation and impairment	-	-
Depreciation charge during the year	40.12	40.12
Disposals	-	-
Closing Accumulated Depreciation and Impairment	40.12	40.12
Net Carrying Amount	240.13	240.13

Note 3: Financial Assets : Current Investments

Rs in Hundreds

Particulars	Face Value In Rs	As at March 31, 2018		As at March 31, 2017	
		Number of Units	Amount in INR	Number of Units	Amount in INR
Investment in mutual funds Quoted					
Reliance Money Manager Fund - Dally Dividend Plan	1,000	250.224	2,522.39	432.906	4,361.53
Total		250.224	2,522.39	432.906	4,361.53
Total Current Investments					
Aggregate amount of quoted investments and market value thereof		2,516.68	2,522.39	4,361.53	4,361.53
		2,516.68	2,522.39	4,361.53	4,361.53

Note 4: Cash and Cash Equivalentents

Rs in Hundreds

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in - Current Account	8,496.61	7,798.57
Total	8,496.61	7,798.57

Note 5: Other Financial Assets

Rs in Hundreds

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Security deposits	-	250.25	600.00	250.25
Total	-	250.25	600.00	250.25

Note 6: Other Assets

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Input Tax Credit Rceivable	-	4,544.74	-	-
Total	-	4,544.74	-	-

Note 7: Equity Share Capital

Authorised Share capital	Rs in Hundreds	
	As at	
	March 31, 2018	March 31, 2017
50,000 (50,000) Equity Shares of INR 10 each	5,000.00	5,000.00
Total Authorised Share capital	5,000.00	5,000.00

Issued, Subscribed and Paid Up Share Capital	Rs in Hundreds	
	As at	
	March 31, 2018	March 31, 2017
50,000 (50,000) Equity Shares of INR 10 each	5,000.00	5,000.00
Total Issued, Subscribed and Paid Up Share capital	5,000.00	5,000.00

(i) Movements in Share capital

Particulars	Rs in Hundreds			
	As at March 31, 2018		As at March 31, 2017	
	No. of shares	INR	No. of shares	INR
Equity Shares				
At the beginning of the year	50,000	5,000.00	50,000	5,000.00
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	5,000.00	50,000	5,000.00

(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	As at
	March 31, 2018	March 31, 2017
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, 2018		As at March 31, 2017	
	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 8: Other Equity

Particulars	Rs in Hundrede	
	As at	As at
	March 31, 2018	March 31, 2017
Retained Earnings	(2,87,273.32)	(64,928.95)
Total Other Equity	(2,87,273.32)	(64,928.95)

(i) Retained Earnings

Particulars	Rs in Hundreds	
	As at March 31,	As at March 31,
	2018	2017
Balance as per last Balance Sheet	(64,928.95)	(318.19)
Add: Loss for the year	(2,22,344.37)	(64,610.76)
Closing balance	(2,87,273.32)	(64,928.95)

Note 9: Financial Liabilities : Current Borrowings

Rs in Hundreds

Particulars	Maturity Date	Terms of Repayment	Effective Interest Rate	Rs in Hundreds	
				As at March 31, 2018	As at March 31, 2017
Unsecured Inter Corporate Deposits					
-From Related Parties	On Demand	To be repaid by mutual consent	0.00%	2,48,000.00	42,200.00
Total Current Borrowings				2,48,000.00	42,200.00

Note 10: Other Financial Liabilities

Rs in Hundreds

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Interest accrued and due on inter corporate deposits	-	-	647.05	-
Total	-	-	647.05	-

Note 11: Other Liabilities

Rs in Hundreds

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Employee Payables	3,571.85	-	6,550.53	-
Statutory Dues Payables	2,598.30	-	3,100.02	-
Total	6,170.15	-	9,650.55	-

Note 12: Provisions

Rs in Hundreds

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Leave Encashment	1,600.17	10,921.31	252.15	6,114.79
Gratuity	147.19	5,104.01	17.32	3,307.65
Total	1,747.36	16,025.32	269.47	9,422.34

Reliance Defence Systems & Tech Limited
Notes annexed to and forming part of the Financial Statements

Note 13: Other Income

Rs in Hundreds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income from Mutual Funds	160.86	208.91
Net gain/(loss) on sale of investments	-	25.80
Miscellaneous income	174.00	217.80
Total	334.86	452.51

Note 14: Finance Cost

Rs in Hundreds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest and financing charges on financial liabilities		
Inter Corporate Deposit	1,436.87	718.94
Other Finance Charges	99.86	28.65
Total	1,536.73	747.59

Note 15: Employee Benefit Expense

Rs in Hundreds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages, Bonus, etc.	1,61,080.17	38,221.78
Contribution to Provident and Other Funds	5,590.39	1,932.22
Gratuity Expense	2,724.02	3,324.87
Leave Encashment	8,564.67	6,366.94
Workmen and Staff Welfare	1,049.01	3,447.08
Total	1,79,008.26	53,292.89

Note 16: Other Expenses

Rs in Hundreds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Communication Expenses	820.59	-
Hire Charges	3,416.02	-
Rent	22,490.02	9,033.72
<u>Repairs and Maintenance</u>		
- Buildings	58.00	77.00
Audit Fees	177.00	258.75
Travelling and Conveyance	8,409.57	579.63
Seminar and Training Fees	100.30	-
Insurance	2,382.41	-
Rates and taxes	75.00	60.00
Stamp Duty and Filing fees	20.25	142.89
Legal and professional charges	1,016.32	637.51
House Keeping Expenses	363.64	-
Printing & Stationery	126.11	12.50
Miscellaneous Expenses	268.07	26.06
Consumables	168.00	187.00
Recruitment Expenses	2,100.47	-
Books and Periodicals	12.50	-
Entertainment and Hospitality	242.57	-
Net gain/(loss) on financial assets mandatorily measured at fair value through profit or loss	-	7.73
Total	42,246.84	11,022.79

Note 17 : Fair Value Measurements

(a) Financial Instruments by category

(a) Significance of financial instruments

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Financial Assets		
At amortised Cost		
Security Deposits	250.25	850.25
Cash and Cash equivalent	8,496.61	7,798.57
At Fair value through profit & loss		
Mutual fund Investments	2,522.39	4,361.53
Total financial assets	11,269.25	13,010.35
Financial Liabilities		
At amortised Cost		
Borrowings	2,48,000.00	42,200.00
Trade Payables	26,384.61	10,749.90
Interest accrued and due on borrowings	-	647.05
At Fair value through profit & loss		
	-	-
Total financial liabilities	2,74,384.61	53,596.95

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, 2018	As at March 31, 2017
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	2,522.39	4,361.53
Total financial assets	2,522.39	4,361.53
Financial liabilities		
	-	-
Total financial liabilities	-	-

Note 17 : Fair Value Measurements

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

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Financial assets		
Level 3		
Security Deposits	250.25	850.25
Cash and Cash equivalent	8,496.61	7,798.57
Total Financial assets	<u>8,746.86</u>	<u>8,648.82</u>
Financial liabilities		
Level 3		
Borrowings	2,48,000.00	42,200.00
Interest accrued and due on Borrowings	-	647.05
Trade Payables	26,384.61	10,749.90
Total financial liabilities	<u>2,74,384.61</u>	<u>53,596.95</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 18: 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 Asset

The Company held cash and cash equivalents & other financial assets with credit worthy banks aggregating Rs 8,496.61 Hundreds and Rs 7,798.57 Hundreds as at March 31, 2018 and March 31, 2017 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 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, 2018	Rs in Hundreds			
	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	2,48,000.00	-	-	2,48,000.00
Trade and other payables	26,384.60	-	-	26,384.60
Other financial liabilities	-	-	-	-
Total non-derivatives	2,74,384.60	-	-	2,74,384.60
As at March 31, 2017	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	42,200.00	-	-	42,200
Trade and other payables	10,749.89	-	-	10,749.89
Other financial liabilities	647.05	-	-	647.05
Total non-derivatives	53,596.94	-	-	53,596.94

Note 19: Capital Risk Management

The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long term operating plans which includes capital and other strategic investments.

The funding requirements are made through a mixture of equity and borrowings. The Company's policy is to use long term borrowings to meet anticipated funding requirements.

The Company's adjusted Net Debt to Equity ratio are as follows

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Total Borrowings	2,48,000.00	42,200.00
Less: Cash and Cash Equivalents	8,496.61	7,798.57
Adjusted Net debt (a)	2,39,503.39	34,401.43
Adjusted Equity (b)	(2,82,273.32)	(59,928.95)
Adjusted Net debt to Equity ratio (a) / (b)	(0.85)	(0.57)

Note 20: Disclosure under Ind AS 19 "Employee Benefits"

a) Defined Contribution plan

The following amount recognized as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Contribution to Provident Fund	4,412.61	1,416.53
Contribution to Employee Pension Scheme	844.77	356.22
Total	5,257.38	1,416.53

b) Defined Benefit plan

i) Gratuity

The guidance on implementing Ind.AS 19, Employee Benefits issued by Accounting Standard Board states benefit involving employee established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Group's policy

The following tables summaries the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Opening defined benefit liability / (assets)	3,324.87	-
Net employee benefit expense recognised in the employee cost		
Current service cost	2,490.23	3,324.87
Past service cost	-	-
Interest cost on benefit obligation	233.79	-
(Gain) / losses on settlement	-	-
Net benefit expense	2,724.02	3,324.87
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in Interest expense/(Income)	-	-
Actuarial loss / (gain) arising from change in financial assumptions	1,239.02	-
Actuarial loss / (gain) arising on account of experience changes	(1,391.74)	-
Experience (gains)/losses	-	-
Amount recognized in OCI	(152.72)	-
Benefit Paid	(644.97)	-
Closing net defined benefit liability / (asset)	5,251.20	3,324.87

Particulars	Rs in Hundreds	
	As at March 31, 2018	As at March 31, 2017
Opening fair value of plan assets		
Net employee benefit expense recognised in the employee cost		
Interest cost on benefit obligation	-	-
(Gain) / losses on settlement	-	-
Net benefit expense	-	-
Amount recorded In Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in Interest expense/(income)	-	-
Actuarial loss / (gain) arising from change in financial assumptions	-	-
Actuarial loss / (gain) arising on account of experience changes	-	-
Experience (gains)/losses	-	-
Asset celling not recognised as an asset	-	-
Amount recognized in OCI	-	-
Benefits Paid	-	-
Closing fair value of plan assets	-	-

Note 20: Disclosure under Ind AS 19 "Employee Benefits"

The net liability disclosed above relates to unfunded plan is as follows:

Rs in Hundreds

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	5,251.20	3,324.87
Amount not recognised as an asset (asset ceiling)	-	-
	5,251.20	3,324.87
Net liability is bifurcated as follows :		
Current	147.19	17.32
Non-current	5,104.01	3,307.55
Total	5,251.20	3,324.87

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Discount rate	7.70%	7.05%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	9.75%	7.50%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative analysis for significant assumption is as shown below:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	-8.32%	-7.65%
Impact on defined benefit obligation -in % decrease	9.30%	8.53%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	9.07%	8.45%
Impact on defined benefit obligation -in % decrease	-8.21%	-7.65%

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Rs in Hundreds

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Within the next 12 months (next annual reporting period)	147.19	17.32
Between 2 and 5 years	595.29	498.71
Between 6 and 9 years	730.55	1,069.87
For and Beyond 10 years	24,129.45	11,439.70
Total expected payments	25,602.48	13,025.60

Reliance Defence Systems & Tech Limited
Notes annexed to and forming part of the Financial Statements

Note 21: Income Tax and Deferred Tax (Net) :

21(a) Income tax expense

Particulars	Rs in Hundreds	
	Year ended March 31, 2018	Year ended March 31, 2017
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense (A)	-	-
<i>Deferred tax</i>		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit) (B)	-	-
Income tax expense (A + B)	-	-

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

Particulars	Rs in Hundreds	
	Year ended March 31, 2018	Year ended March 31, 2017
Loss before income tax expense	(2,22,497.09)	(64,610.76)
Tax at the Indian tax rate of 25.75% (March 31, 2017: 34.608%)	(57,293.00)	(22,360.49)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax losses for which no deferred income tax was recognised	57,293.00	22,360.49
Income tax expense charged to statement of Profit and Loss	-	-

Note: The Company has not recognised deferred tax asset on the unabsorbed losses as the Company has not yet commenced its business operation.

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

Particulars	Rs in Hundreds	
	Year ended March 31, 2018	Year ended March 31, 2017
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-

22. 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 Segments" as prescribed under Section 133 of the Act.

23. 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:

- (i) Person having significant influence over holding Company – Shri Anil Dhirubhai Ambani
- (ii) Enterprises over which person described in (i) above has significant influence:-
 - (a) Reliance IDC Limited
 - (b) Reliance HR Services Private Limited
 - (c) Reliance Communications Limited
 - (d) Reliance Web Store Limited
 - (d) Reliance Infocomm Infrastructure Limited

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

Particulars	(Rs in Hundreds)	
	2017-18	2016-17
Transactions during the year:		
(a) Balance Sheet Items:		
Inter Corporate Deposits (ICD) Received		
- Reliance Defence Limited	36,000.00	42,200.00
- Reliance Infrastructure Limited	2,50,000.00	-
Inter Corporate Deposits (ICD) Repaid		
- Reliance Defence Limited	78,200.00	-
- Reliance Infrastructure Limited	2,000.00	-
Interest accrued and due on ICD Repaid	647.05	-
Statutory Liabilities paid on our behalf by RDL	12,092.41	2,718.11
(b) Expenses:		
Recoverable Expenses incurred on our behalf by RDL		
- Reliance Defence Limited	12.25	706.51
Interest on Inter Corporate Deposits (ICD)		
- Reliance Defence Limited	1,436.87	718.94
Rent for Office		

Reliance Defence Systems & Tech Limited

Notes annexed to and forming part of the Financial Statements

Particulars	2017-18	2016-17
- Reliance IDC Limited	14,950.02	7,475.01
- Reliance Infocomm Infrastructure Limited	7,540.00	-
Contractual Employees' Salary and Wage Management fees		
- Reliance HR Services Private Limited	20,804.67	-
Communication Expenses		
- Reliance Webstore Limited	542.86	-
- Reliance Communications Limited	78.00	-
Insurance Group Medical & Life Cover		
- Reliance Infrastructure Limited	2,382.41	-
Closing Balance:		
Share Capital – Reliance Defence Limited	5,000.00	5,000.00
Financial Liabilities - Borrowing (ICD)		
- Reliance Defence Limited	-	42,200.00
- Reliance Infrastructure Limited	2,48,000.00	-
Interest accrued and due to RDL	-	647.05
Trade and Other Payables		
- Reliance Infrastructure Limited	2,811.25	-
- Reliance Defence Limited	15,529.28	3,424.62
- Reliance IDC Limited	-	6,825.01
- Reliance Infocomm Infrastructure Limited	6,786.00	-
- Reliance Communications Limited	71.10	-

24. Disclosure as required under Ind.AS- 7

Disclosure as required under para 44A to E of Ind AS- 7 "Statement of Cash Flows" as prescribed under section 133 of the act is given below

(Rs. in Hundreds)

Sr. No.	Particulars	2017-18
1	Borrowings (ICD)	
	Opening Balance	42,200
	Availed during the year	2,86,000
	Repaid during the year	80,200
	Closing Balance	2,48,000
2	Interest Accrued and Due on ICD	
	Opening Balance	647.05
	Availed during the year	1,293.18
	Repaid during the year	1,940.23
	Closing Balance	

25. Disclosure as required under Ind. AS -17

The Company has taken premises on cancellable operating lease for its office premises. The Lease rental recognized in Statement of Profit & Loss is amounting to Rs. 22,490.02 Hundreds.

The lease rentals have been included under the head "Other Expenses" Note no. 16

26. Earnings per Share

(Rs. in Hundreds)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs. in Hundreds)	(2,22,497.09)	(64,610.76)
(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	(444.99)	(129.22)
(v)	Earnings per Equity Share- Diluted	(444.99)	(129.22)

27. 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, 2018. 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.

28. Figures for the previous year 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

Vishal D. Shah
Partner
Membership No.: 119303

For and on behalf of the Board of Directors

Rajesh K Dhiñgra
Director
DIN : 03612092

Sadacharam Ramasamy
Director
DIN : 07459485

Place: Mumbai
Date : April 19, 2018

Place: Mumbai
Date : April 19, 2018