

Independent Auditors' Report

To The Members of
Reliance Defence Limited

Opinion

We have audited the accompanying financial statements of **Reliance Defence Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the State of affairs of the Company as at March 31, 2023, its Loss (including other comprehensive income), the Changes in Equity and its Cash flows for the year ended on that date.

Basis for Opinion

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

Going Concern

We draw attention to Note 34 in the financial statements regarding accumulated loss exceeding Net Worth of the Company. This situation indicates that uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The accounts, however has been prepared by the management on a going concern basis for the reason stated in the aforesaid note. Our opinion is not modified in this respect.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders' information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) On the basis of the written representations received from the Directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a Director in terms of Section 164(2) of the Act;

- f) The going concern matter described in Uncertainty Related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company;
- g) 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";
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration to directors during the year.
- i) 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 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, 2023.
 - (iv) (a) Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
(c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (i) (iv) (a) & (b) contain any material misstatement.
 - (v) The Company has not declared or paid any dividend during the year.

For M. S. Sethi & Associates
Chartered Accountants
Firm Regn.No.109407W

Manoj Sethi
Proprietor
Membership No.039784

Place: Mumbai
Date: May 11, 2023
UDIN: 23039784BGVVNS3327

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on Accounts of **Reliance Defence Limited** for the year ended March 31, 2023

- i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
(B) As explained to us, the Company is maintaining proper records showing full particulars of intangible assets.
(b) The Property, Plant and Equipment have been physically verified by the management during the year and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
(c) As explained to us, the Company does not have any immovable property.
(d) The Company has not revalued its Property, Plant and Equipment during the year under audit.
(e) There are no proceedings initiated or any pending against the Company as at March 31, 2023 for holding any benami property under the Prohibition of Benami Transactions Act, 1988 (as amended in 2016) and rules made there under.
- ii) (a) As explained to us, there is no inventory hence clause 3(ii) of the Order is not applicable.
(b) According to the information and explanations given to us, the Company has not been sanctioned any working capital limits from any bank or financial institution, Hence provisions of clause 3 (ii)(b) of the Order is not applicable.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company or parties during the year. Accordingly the provisions contained in clause 3(iii) of the Order are not applicable.
- iv) According to the information and explanations given to us, in respect of loans, investments, guarantees and securities, the Company has complied with provisions of section 185 and 186 of the Act, to the extent applicable.
- v) According to the information and explanations given, the Company has not accepted any deposit which is deemed to be deposit from the public hence clause 3(v) of the Order is not applicable.
- vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government under section 148(1) of the Act in respect of activities carried on by the Company.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, duty of customs, Goods and Service Tax, Cess and other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) As per the information and explanations given to us and based on our examinations of the records of the Company, there are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix) (a) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, clause 3(ix) of the Order is not applicable.
(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or other lender.
(c) According to the information and explanations given to us and based on examination of the records of the Company, we report that during the year Company has not obtained any term loans.
(d) According to the information and explanations given to us and based on an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x) (a) 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 clause 3 (x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures during the year hence clause 3(x)(b) of the Order is not applicable.
- xi) (a) In our opinion and according to the information and explanations given to us, no fraud on the Company or by the Company, by its officers or employees has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, no whistle-blower complaints have been received during the year by the Company.
- xii) According to the information and explanations given to us, the Company is not a Nidhi company. Hence clause 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us, the Company does not have a formal internal audit system.
- 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 them. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) In our opinion and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) In our opinion, and according to the information and explanations provided to us, the Group does not have any Core Investment Company (CIC).
- xvii) The Company has incurred cash losses in the current year and in the immediately preceding year.
- xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, indicate that uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx) According to information and explanations given to us, and based on our examination of the financial statements of the Company, the CSR requirement is not applicable to the Company in view of losses incurred by the Company. Accordingly, clause 3(xx) of the Order is not applicable.

For M. S. Sethi & Associates
Chartered Accountants
Firm Regn.No.109407W

Manoj Sethi
Proprietor
Membership No. 039784

Place: Mumbai
Date: May 11, 2023

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance Defence Limited** of even date)

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 Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the 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. 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 Companies Act, 2013.

Auditor's 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 and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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, 2023, 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 issued by ICAI.

For M. S. Sethi & Associates

Chartered Accountants
Firm Regn.No.109407W

Manoj Sethi

Proprietor
Membership No. 039784

Place: Mumbai
Date: May 11, 2023

RELIANCE DEFENCE LIMITED

Accounts for the year ended on March 31, 2023

Reliance Defence Limited

Balance Sheet as at March 31, 2023

Rs in Thousands

| Particulars | Note | As At March 31, 2023 | As At March 31, 2022 |
|--|------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 | 2,596.47 | 1,199.15 |
| Capital work-in-progress | 2 | 3,435.00 | - |
| Right- Of -Use Assets | 3 | - | - |
| Financial Assets | | | |
| - Investments | 4 | 4,635.03 | 4,635.03 |
| - Other Financial Assets | 8 | 1,191.00 | 4,120.00 |
| Other Non - Current Assets | 9 | 20,507.21 | 19,551.65 |
| Total Non-Current Assets | | 32,364.71 | 29,505.83 |
| Current Assets | | | |
| Financial Assets | | | |
| - Cash and Cash Equivalents | 6 | 5,518.51 | 11,009.79 |
| - Bank Balances | 7 | 23,200.00 | - |
| - Loans | 4 | - | 410.04 |
| - Other Financial Assets | 8 | 8,090.87 | 5,098.30 |
| Current Tax Assets (Net) | | 461.36 | 654.79 |
| Other Current Assets | 9 | 23,027.94 | 23,163.94 |
| Total Current Assets | | 60,298.68 | 40,336.86 |
| Total | | 92,663.40 | 69,842.69 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share Capital | 10 | 500.00 | 500.00 |
| Other Equity | 11 | (26,414.83) | 7,256.85 |
| Total Equity | | (25,914.83) | 7,756.85 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| - Other Financial Liabilities | 14 | 143.75 | - |
| Provisions | 16 | 2,362.94 | 1,377.33 |
| Total Non-Current Liabilities | | 2,506.69 | 1,377.33 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 12 | 75,765.60 | 42,445.00 |
| - Trade Payables | | | |
| Total outstanding dues of Micro enterprises and Small Enterprises | 30 | - | - |
| Total outstanding dues of creditors other than Micro and Small Enterprises | 13 | 8,433.09 | 8,817.22 |
| Provisions | 16 | 244.88 | 1,024.47 |
| Other Current Liabilities | 15 | 31,627.97 | 8,421.82 |
| Total Current Liabilities | | 1,16,071.54 | 60,708.50 |
| Total Liabilities | | 1,18,578.23 | 62,085.84 |
| Total | | 92,663.40 | 69,842.69 |

Significant Accounting Policies

The accompanying notes form an integral part of Financial Statements

1

As per our Report of even date

For M.S Sethi & Associates
Chartered Accountants
Firm Registration No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No.039784

Rajesh K. Dnningra
Director
DIN : 03612092

Partha Pratim Sarma
Director
DIN : 08245533

Place : Mumbai
Date : May 11, 2023

Place : New Delhi
Date : May 11, 2023

Reliance Defence Limited

Statement of Profit and Loss for the year ended March 31, 2023

Rs in Thousands

| Particulars | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------|------------------------------|------------------------------|
| Revenue from Operations | 17 | 5,561.02 | - |
| Other Income | 18 | 4,353.82 | 6,818.75 |
| Total | | 9,914.84 | 6,818.75 |
| Expenses | | | |
| Cost of materials consumed | | 5,084.50 | - |
| Employee Benefits Expense | 19 | 24,486.04 | 35,590.90 |
| Finance Costs | 20 | - | 111.00 |
| Depreciation and Amortisation Expense | 2-3 | 232.15 | 2,959.42 |
| Other Expenses | 21 | 12,757.43 | 16,928.59 |
| Total | | 42,560.13 | 55,589.90 |
| Profit / (Loss) before tax | | (32,645.28) | (48,771.14) |
| Tax Expense : | | | |
| - Current Tax | | - | - |
| - Deferred Tax | | - | - |
| - Income Tax for Earlier Years | | 637.25 | - |
| | | 637.25 | - |
| Profit / (Loss) for the year | | (33,282.53) | (48,771.14) |
| Other Comprehensive Income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of net defined benefit plans : Gains / (Loss) (net of tax) | | (389.14) | 2,193.71 |
| Other Comprehensive Income | | (389.14) | 2,193.71 |
| Total Comprehensive Income for the year | | (33,671.68) | (46,577.43) |
| Earnings per equity share (Face Value of Rs 10 each) | 33 | | |
| Basic (Rs) | | (665.65) | (975.42) |
| Diluted (Rs) | | (665.65) | (975.42) |

Significant Accounting Policies

The accompanying notes form an integral part of Financial Statements

1

As per our Report of even date

For M.S Sethi & Associates
Chartered Accountants
Firm Registration No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No.039784

Rajesh K Dhingra
Director
DIN : 03612092

Partha Pratim Sarma
Director
DIN : 08245533

Place : Mumbai
Date : May 11, 2023

Place : New Delhi
Date : May 11, 2023

Reliance Defence Limited

Statement of Cash Flows for year ended March 31, 2023

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Cash flow from Operating Activities | | |
| Loss before tax | (32,645.28) | (48,771.14) |
| Adjustments for: | | |
| Depreciation | 232.15 | 2,959.42 |
| Interest Income on Deposits | (141.96) | (232.76) |
| Interest and Finance charges | - | 111.00 |
| Provision for Leave Encashment and Gratuity | 206.02 | 2,227.42 |
| Provisions / Liabilities written back | (707.65) | (2,770.62) |
| Cash generated from operations before working capital changes | (33,056.72) | (46,476.69) |
| Adjustments for: | | |
| (Increase)/ Decrease in Financial Assets & Other Assets | (473.09) | (1,711.66) |
| Increase/ (Decrease) in Financial Liabilities & Other Liabilities | 23,396.78 | (11,219.79) |
| Cash generated from operations | (10,133.03) | (59,408.14) |
| Income taxes paid (net of refund) | (555.04) | (399.52) |
| Net cash used in Operating Activities (A) | (10,688.08) | (59,807.66) |
| Cash flow from Investing Activities | | |
| Purchase of Property, Plant and Equipment | (5,072.62) | (863.54) |
| Proceeds from sale of scrap | 6.861 | - |
| Investment in Bank Fixed Deposits | (23,200.00) | - |
| Interest Received on Deposits | 141.96 | 232.76 |
| Net cash generated from / (used in) Investing activities (B) | (28,123.80) | (630.78) |
| Cash flow from Financing Activities | | |
| Proceeds from Inter Corporate Deposits | 33,320.60 | 42,445.00 |
| Proceeds from Equity Components of Fin. Instruments (Subordinate Debt) | - | 23,037.00 |
| Lease Obligations payments | - | (2,634.77) |
| Interest & Finance Charges paid | - | (111.00) |
| Net Cash generated from / (used in) Financing Activities (C) | 33,320.60 | 62,736.23 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | (5,491.27) | 2,297.80 |
| Cash and Cash Equivalents as at the beginning of the year | 11,009.79 | 8,712.00 |
| Cash and Cash Equivalents as at end of the year (Refer Note No. 6) | 5,518.51 | 11,009.79 |
| Net Increase / (Decrease) as disclosed above | (5,491.27) | 2,297.80 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

As per our Report of even date

For M.S Sethi & Associates
Chartered Accountants
Firm Registration No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No.039784

Rajesh K Dhingra **Partha Pratim Sarma**
Director Director
DIN : 03612092 DIN : 08245533

Place : Mumbai
Date : May 11, 2023

Place : New Delhi
Date : May 11, 2023

Reliance Defence Limited

Statement of Changes in Equity for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

(Refer Note No.10)

Rs in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 500.00 | 500.00 |
| Changes during the year | - | - |
| Balance at the end of the year | 500.00 | 500.00 |

B. OTHER EQUITY

(Refer Note No.11)

| Particulars | Equity Component of Financial Instruments (Subordinate Debts) | Reserves & Surplus | | Total |
|---|--|----------------------|-------------------|--------------------|
| | | Retained Earnings | Other Reserves | |
| Balance as at April 01, 2021 | 6,85,899.50 | (6,55,102.22) | - | 30,797.28 |
| Profit /(Loss) for the year | - | (48,771.14) | - | (48,771.14) |
| Other Comprehensive Income for the year | - | 2,193.71 | - | 2,193.71 |
| Total Comprehensive Income for the year | - | (46,577.43) | - | (46,577.43) |
| Issue/ (Repayment) of Subordinate Debt | 23,037.00 | - | - | 23,037.00 |
| Balance as at March 31, 2022 | 7,08,936.50 | (7,01,679.65) | - | 7,256.85 |
| Balance as at April 01, 2022 | 7,08,936.50 | (7,01,679.65) | - | 7,256.85 |
| Profit /(Loss) for the year | - | (33,282.53) | - | (33,282.53) |
| Other Comprehensive Income for the year | - | (389.14) | - | (389.14) |
| Total Comprehensive Income for the year | - | (33,671.68) | - | (33,671.68) |
| Issue/ (Repayment) of Subordinate Debt | - | - | - | - |
| Balance as at March 31, 2023 | 7,08,936.50 | (7,35,351.33) | - | (26,414.83) |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

As per our Report of even date

For M.S Sethi & Associates
Chartered Accountants
Firm Registration No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No.039784

Rajesh K Dhingra
Director
DIN : 03612092

Partha Prathap Sarma
Director
DIN : 08245533

Place : Mumbai
Date : May 11, 2023

Place : New Delhi
Date : May 11, 2023

Note 2: Property, Plant and Equipment & Depreciation

Rs in Thousands

| Particulars | Furniture and Fixtures | Vehicles | Office Equipment | Computers | Total | Capital work in progress |
|---|------------------------|---------------|------------------|------------------|-----------------|--------------------------|
| Year ended March 31, 2022 | | | | | | |
| Gross Carrying Amount | | | | | | |
| Opening gross carrying amount | 98.95 | - | 3,496.78 | 1,577.16 | 5,172.90 | - |
| Additions | 378.30 | - | 485.24 | - | 863.54 | - |
| Disposals | - | - | - | - | - | - |
| Closing Gross Carrying Amount | 477.25 | - | 3,982.02 | 1,577.16 | 6,036.44 | - |
| Accumulated Depreciation | | | | | | |
| Opening accumulated depreciation | 52.20 | - | 2,968.02 | 1,467.21 | 4,487.43 | - |
| Depreciation charge during the year | 16.12 | - | 310.73 | 23.00 | 349.85 | - |
| Disposals | - | - | - | - | - | - |
| Closing Accumulated Depreciation | 68.32 | - | 3,278.75 | 1,490.21 | 4,837.28 | - |
| Net carrying amount as on March 31, 2022 | 408.93 | - | 703.27 | 86.95 | 1,199.15 | - |
| Year ended March 31, 2023 | | | | | | |
| Gross Carrying Amount | | | | | | |
| Opening gross carrying amount | 477.25 | - | 3,982.02 | 1,577.16 | 6,036.44 | - |
| Additions | - | 813.84 | 43.56 | 780.22 | 1,637.62 | 3,435.00 |
| Disposals | - | - | - | (162.81) | (162.81) | - |
| Closing Gross Carrying Amount | 477.25 | 813.84 | 4,025.584 | 2,194.566 | 7,511.24 | 3,435.00 |
| Accumulated Depreciation | | | | | | |
| Opening accumulated depreciation | 68.32 | - | 3,278.75 | 1,490.21 | 4,837.28 | - |
| Depreciation charge during the year | 43.21 | 0.53 | 129.11 | 59.31 | 232.15 | - |
| Disposals | - | - | - | (154.67) | (154.67) | - |
| Closing Accumulated Depreciation | 111.54 | 0.53 | 3,407.86 | 1,394.85 | 4,914.77 | - |
| Net Carrying Amount as on March 31, 2023 | 365.72 | 813.31 | 617.73 | 799.72 | 2,596.47 | 3,435.00 |

(ii) Capital Work-in-Progress

Capital work-in-progress comprises of professional consultancy costs for project.

(iii) CWIP aging schedule

Rs in Thousands

| Particulars | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-----------|-----------|-----------------|-----------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 yrs | |
| Projects in Progress | 3,435.00 | - | - | - | 3,435.00 |
| Projects temporarily suspended | - | - | - | - | - |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 3: Right Of Use Asset & Amortisation

Rs in Thousands

| Particulars | Right of Use - Leased Office Property | Total |
|---|--|-----------------|
| Year ended March 31, 2022 | | |
| Gross carrying amount | | |
| Opening Gross Carrying amount | 7,209.09 | 7,209.09 |
| Additions | - | - |
| Deductions /Adjustments | - | - |
| Closing Gross Carrying Amount | 7,209.09 | 7,209.09 |
| Accumulated amortisation | | |
| Opening Accumulated Amortisation | 4,599.53 | 4,599.53 |
| Amortisation charge for the year | 2,609.57 | 2,609.57 |
| Closing Accumulated Amortisation | 7,209.09 | 7,209.09 |
| Net carrying amount as on March 31, 2022 | - | - |
| Year ended March 31, 2023 | | |
| Gross carrying amount | | |
| Opening Gross Carrying amount | 7,209.09 | 7,209.09 |
| Additions | - | - |
| Deductions /Adjustments | (7,209.09) | (7,209.09) |
| Closing Gross Carrying Amount | - | - |
| Accumulated Amortisation | | |
| Opening Accumulated Amortisation | 7,209.09 | 7,209.09 |
| Amortisation charge for the year | - | - |
| Deductions /Adjustments | (7,209.09) | (7,209.09) |
| Closing Accumulated Amortisation | - | - |
| Closing Net Carrying Amount as on March 31, 2023 | - | - |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 4: Financial Assets : Non-Current Investments

| Particulars | Face Value in Rs. | As at March 31, 2023 | | As at March 31, 2022 | |
|---|-------------------|----------------------|------------------------|----------------------|------------------------|
| | | Number of shares | Amount Rs in Thousands | Number of shares | Amount Rs in Thousands |
| Investment in Equity instruments | | | | | |
| Subsidiary Companies | | | | | |
| (Non-Trade, At Cost , Fully Paid up , Unquoted) | | | | | |
| Reliance Defence Systems Private Limited | 10 | 10,000 | 100.00 | 10,000 | 100.00 |
| Reliance Defence Technologies Private Limited | 10 | 10,000 | 100.00 | 10,000 | 100.00 |
| Reliance Defence and Aerospace Private Limited | 10 | 10,000 | 100.00 | 10,000 | 100.00 |
| Reliance Unmanned Systems Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Aerostructure Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Propulsion Systems Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Defence Systems & Tech Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Defence Infrastructure Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Land Systems Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Helicopters Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Naval Systems Limited | 10 | 50,000 | 500.00 | 50,000 | 500.00 |
| Reliance Aero Systems Private Limited | 10 | 10,000 | 100.00 | 10,000 | 100.00 |
| Associate Companies | | | | | |
| (Non-Trade, At Cost , Fully Paid up , Unquoted) | | | | | |
| Gulfoss Enterprises Private Limited | 10 | 5,001 | 50.01 | 5,001 | 50.01 |
| Reliance SED Limited | 10 | 18,500 | 185.00 | 18,500 | 185.00 |
| Fellow Subsidiary Companies | | | | | |
| (Non-Trade, At Cost , Fully Paid up , Unquoted) | | | | | |
| Jai Ammunition Limited (Formerly Reliance Ammunition Limited) | 10 | 1 | 0.01 | 1.00 | 0.01 |
| Jai Armaments Limited (Formerly Reliance Armaments Limited)) | 10 | 1 | 0.01 | 1.00 | 0.01 |
| Total | | 4,63,503 | 4,635.03 | 4,63,503 | 4,635.03 |
| | | Book Value | Market value | Book Value | Market value |
| Aggregate amount of unquoted investments | | 4,635.03 | - | 4,635.03 | - |

Note 5 : Financial Assets : Loans

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|-------------|----------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Secured, considered good Loans to Employees | - | - | 410.04 | - |
| Total | - | - | 410.04 | - |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 6: Cash and Cash Equivalents

Rs in Thousands

| Particulars | Rs in Thousands | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Balances with banks in - Current Account | 5,518.51 | 11,009.79 |
| Total | 5,518.51 | 11,009.79 |

Note 7: Bank Balances

Rs in Thousands

| Particulars | Rs in Thousands | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Fixed Deposits with Original Maturity of less than 12 months | 23,200.00 | - |
| Total | 23,200.00 | - |

Note 8: Other Financial Assets

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Current | Non-Current | Current | Non-Current |
| Security Deposits- Unsecured, Considered good | 2,934.00 | 1,191.00 | - | 4,120.00 |
| Advance to Employees- Considered good | 8.74 | - | 13.32 | - |
| Interest accrued on fixed deposits | 57.06 | - | - | - |
| Other Receivables from Related Parties (Refer Note. 31) | 5,091.07 | - | 5,084.98 | - |
| Total | 8,090.87 | 1,191.00 | 5,098.30 | 4,120.00 |

Note 9: Other Assets

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|------------------|----------------------|------------------|
| | Current | Non-Current | Current | Non-Current |
| Advance to Vendors | 22,560.40 | - | 23,020.15 | - |
| Prepaid Expenses | 41.64 | - | 19.82 | - |
| Other Recoverable from Related Parties (Refer Note. 31) | 425.90 | - | 123.97 | - |
| Input Tax Credit Receivable | - | 20,507.21 | - | 19,551.65 |
| Total | 23,027.94 | 20,507.21 | 23,163.94 | 19,551.65 |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 10 : Equity Share Capital

| Authorised | Rs in Thousands | |
|---|-----------------|----------------|
| | As at | |
| | March 31, 2023 | March 31, 2022 |
| 50,000 (50,000) Equity Shares of Rs.10 each | 500.00 | 500.00 |
| Total | 500.00 | 500.00 |

| Issued, Subscribed and Paid Up | Rs in Thousands | |
|---|-----------------|----------------|
| | As at | |
| | March 31, 2023 | March 31, 2022 |
| 50,000 (50,000) Equity Shares of Rs.10 each | 500.00 | 500.00 |
| Total | 500.00 | 500.00 |

(i) Movements in Share capital

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | No. of shares | Rs in Thousands | No. of shares | Rs in Thousands |
| Equity Shares - | | | | |
| At the beginning of the year | 50,000 | 500.00 | 50,000 | 500.00 |
| Add: Issued during the year | - | - | - | - |
| Less: Bought back during the year | - | - | - | - |
| Outstanding at the end of the year | 50,000 | 500.00 | 50,000 | 500.00 |

(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 | As at | As at |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Reliance Infrastructure Limited, the Holding Company 50,000 equity shares of Rs. 10 each fully paid up | 500.00 | 500.00 |

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

| Name of the Shareholders | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|--------|----------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Equity Shares of Rs.10 each fully paid up Reliance Infrastructure Limited and its nominees | 50,000 | 100% | 50,000 | 100% |

(v) Details of Promoters Shareholding

| Promoter Name | As at March 31, 2023 | | | As at March 31, 2022 | |
|--|----------------------|--------|----------|----------------------|--------|
| | No. of Shares | % held | % Change | No. of Shares | % held |
| Equity Shares of Rs.10 each fully paid up Reliance Infrastructure Limited | 50,000 | 100% | - | 50,000 | 100% |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 11: Other Equity

Rs in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Equity Component of Financial Instruments | 7,08,936.50 | 7,08,936.50 |
| Retained Earnings | (7,35,351.33) | (7,01,679.65) |
| Total Other Equity | (26,414.83) | 7,256.85 |

(i) Equity Component of Financial Instruments (Subordinate Debt)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Balance as per last Balance Sheet | 7,08,936.500 | 6,85,899.500 |
| Add: Addition/ (Deduction) during the year | - | 23,037.000 |
| Closing balance | 7,08,936.500 | 7,08,936.500 |

Terms and Condition of Subordinate Debt

Subordinate Debts (SD) is issued to Reliance Infrastructure Limited, the Ultimate Holding Company with an option to convert at any time during the tenor of the Subordinate debt, whether in part or full into equivalent number of equity shares at par (10 SD into 1 Equity shares) or to be repaid within 10 years from the date of allotment or mutually agreed. Coupon rate is 0% per annum till 18 months from date of allotment subject to reset after 18 months as mutually agreed.

(ii) Retained Earnings

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| Balance as per last Balance Sheet | (7,01,679.65) | (6,55,102.22) |
| Add: Profit / (Loss) for the year | (33,671.68) | (46,577.43) |
| Closing balance | (7,35,351.33) | (7,01,679.647) |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 12: Current Borrowings

Rs in Thousands

| Particulars | Maturity Date | Terms of Repayment | Effective Interest Rate | As at | As at |
|--|---------------|--------------------------------|-------------------------|------------------|------------------|
| | | | | March 31, 2023 | March 31, 2022 |
| Unsecured | | | | | |
| Inter Corporate Deposits | | | | | |
| - from Related Parties (Refer Note No. 31) | On Demand | To be repaid by mutual consent | 0.0% | 75,765.60 | 42,445.00 |
| Total | | | | 75,765.60 | 42,445.00 |

Note 13 : Trade Payables

Rs in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Total outstanding dues to Micro and Small Enterprises | - | - |
| Total outstanding dues to others | 8,433.09 | 8,817.22 |
| Total | 8,433.09 | 8,817.22 |

Trade Payables ageing schedule

Rs in Thousands

| Particulars | Not Due | Outstanding for following periods from due | | | | Total |
|-----------------------------|--------------|--|-----------|-----------|-----------------|-----------------|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 yrs | |
| As at March 31, 2023 | | | | | | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | - | 36.33 | - | - | 8,318.64 | 8,354.97 |
| (iii) Disputed dues- MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Unbilled Dues | 78.12 | - | - | - | - | 78.12 |
| As at March 31, 2022 | | | | | | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | - | 337.89 | - | - | 8,410.36 | 8,748.25 |
| (iii) Disputed dues- MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Unbilled Dues | 68.97 | - | - | - | - | 68.97 |

Note 14: Other Financial Liabilities

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|-------------------|----------------------|---------------|----------------------|-------------|
| | Current | Non Current | Current | Non-Current |
| Retention payable | - | 143.75 | - | - |
| Total | - | 143.75 | - | - |

Note 15: Other Liabilities

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|-------------------------|----------------------|-------------|----------------------|-------------|
| | Current | Non Current | Current | Non-Current |
| Advance from customers | 23,337.67 | - | - | - |
| Other Payables | 47.04 | - | 182.67 | - |
| Employee Payables | 7,704.93 | - | 7,144.57 | - |
| Statutory Dues Payables | 538.32 | - | 1,094.59 | - |
| Total | 31,627.97 | - | 8,421.82 | - |

Note 16: Provisions

Rs in Thousands

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|----------------------------|----------------------|-----------------|----------------------|-----------------|
| | Current | Non-current | Current | Non-current |
| Leave Encashment | 44.00 | 223.40 | 728.68 | 104.77 |
| Gratuity (Refer Note. 26) | 200.87 | 2,139.54 | 295.79 | 1,272.56 |
| Total | 244.88 | 2,362.94 | 1,024.47 | 1,377.33 |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 17: Revenue from Operations

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---------------|------------------------------|------------------------------|
| Sale of Goods | 5,561.02 | - |
| Total | 5,561.02 | - |

Note 18: Other Income

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Interest income from other financial assets at amortised cost | | |
| - Fixed deposits with banks | 128.08 | 179.81 |
| - Others | 13.88 | 52.95 |
| Business Auxiliary Services | 3,373.33 | 3,815.37 |
| Provisions and Liabilities written back | 707.65 | 2,770.62 |
| Other Recoveries | 99.02 | - |
| Sale of Scrap | 31.86 | - |
| Total | 4,353.82 | 6,818.75 |

Note 19: Finance Costs

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Interest and financing charges on financial liabilities | | |
| Finance Charges on lease obligation | - | 111.00 |
| Total | - | 111.00 |

Note 20: Employee Benefits Expense

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries, Wages, Bonus, etc. | 22,889.33 | 33,080.25 |
| Contribution to Provident and Other Funds | 981.57 | 1,493.31 |
| Gratuity Expense (Refer Note. 26) | 382.91 | 911.95 |
| Workmen and Staff Welfare | 232.24 | 105.38 |
| Total | 24,486.04 | 35,590.90 |

Note 21: Other Expenses

Rs in Thousands

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Communication Expenses | 824.20 | 791.97 |
| Hire Charges | 180.90 | 62.43 |
| Rent | 2,237.39 | 496.77 |
| <u>Repairs and Maintenance</u> | | |
| - Buildings | 208.06 | 52.24 |
| - Other Assets | 377.75 | 1,538.45 |
| <u>Auditors Remuneration</u> | | |
| - Audit Fees | 11.80 | 11.80 |
| Travelling and Conveyance | 4,997.24 | 1,167.23 |
| Membership and Subscription Fees | 29.25 | 62.00 |
| Seminar and Training Fees | 24.90 | 7.00 |
| Insurance | 967.42 | 400.17 |
| Rates and Taxes | 16.60 | 6.03 |
| Electricity | 187.00 | 168.94 |
| Legal and Professional charges | 1,094.78 | 10,884.15 |
| Postage & Courier | 26.18 | 7.39 |
| House Keeping Expenses | 318.96 | 298.33 |
| Printing & Stationery | 181.92 | 144.31 |
| Miscellaneous expense | 33.28 | 114.89 |
| Freight & Forwarding Charges | - | 81.70 |
| Books and Periodicals | 17.28 | 12.96 |
| Advertisement Expenses | 16.52 | - |
| Entertainment and Hospitality | 317.69 | 164.42 |
| Fuel & Maintenance | 539.32 | 307.04 |
| Licence & Application Fees | 25.00 | 12.67 |
| Bad Debts Written Off | 123.97 | - |
| Net Loss on Foreign Exchange Flucuation | - | 135.64 |
| Total | 12,757.43 | 16,928.59 |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 22 : Fair Value Measurements**(a) Financial Instruments by category****(i) Significance of Financial Instruments**

| Particulars | Rs in Thousands | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Financial Assets | | |
| At Amortised Cost | | |
| Loans | - | 410.04 |
| Security Deposits | 4,125.00 | 4,120.00 |
| Fixed deposits with maturity of less than 12 months | 23,200.00 | - |
| Interest accrued on fixed deposits | 57.06 | - |
| Cash and Cash equivalent | 5,518.51 | 11,009.79 |
| Advances to Employees | 8.74 | 13.32 |
| Other Receivables from related party | 5,091.07 | 5,084.98 |
| At Fair Value through Profit & Loss | - | - |
| Total Financial Assets | 38,000.39 | 20,638.13 |
| Financial Liabilities | | |
| At Amortised Cost | | |
| Borrowings | 75,765.60 | 42,445.00 |
| Trade Payables | 8,433.09 | 8,817.22 |
| Retention money payable | 143.75 | - |
| At Fair value through Profit & Loss | - | - |
| Total Financial Liabilities | 84,342.44 | 51,262.22 |

The carrying amounts of cash and cash equivalents, loans, security deposits, advances, other receivables, trade payables, are considered to have their fair values approximately equal to their carrying values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note b - Fair Value Hierarchy**(b) Fair Value hierarchy - Assets and Liabilities which are measured at amortised cost for which fair values are disclosed**

| Particulars | Rs in Thousands | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Financial Assets | | |
| Level 3 | | |
| Loans | - | 410.04 |
| Security Deposits | 4,125.00 | 4,120.00 |
| Fixed deposits with maturity of less than 12 months | 23,200.00 | - |
| Interest accrued on fixed deposits | 57.06 | - |
| Cash and Cash Equivalent | 5,518.51 | 11,009.79 |
| Advances to Employees | 8.74 | 13.32 |
| Other Receivable from related party | 5,091.07 | 5,084.98 |
| Total Financial Assets | 38,000.39 | 20,638.13 |
| Financial Liabilities | | |
| Level 3 | | |
| Borrowings | 75,765.60 | 42,445.00 |
| Retention money payable | 143.75 | - |
| Trade Payables | 8,433.09 | 8,817.22 |
| Total Financial Liabilities | 84,342.43 | 51,262.22 |

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.

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 23: 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.5,518.51 Thousands and Rs.11,009.79 Thousands as at March 31, 2023 and March 31, 2022 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 into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Rs. in Thousands

| As at March 31, 2023 | On Demand | Less than 1 year | Between 1 year and 5 years | Over 5 years | Total |
|------------------------------|------------------|------------------|----------------------------|--------------|------------------|
| Non-derivatives | | | | | |
| Borrowings | 75,765.60 | - | - | - | 75,765.60 |
| Trade and Other payables | - | 8,433.09 | - | - | 8,433.09 |
| Other Financial Liabilities | - | - | 143.75 | - | 143.75 |
| Total Non-derivatives | 75,765.60 | 8,433.09 | 143.75 | - | 84,342.44 |
| <hr/> | | | | | |
| As at March 31, 2022 | On Demand | Less than 1 year | Between 1 year and 5 years | Over 5 years | Total |
| Non-derivatives | | | | | |
| Borrowings | 42,445.00 | - | - | - | 42,445.00 |
| Trade and Other payables | - | 8,817.22 | - | - | 8,817.22 |
| Other Financial Liabilities | - | - | - | - | - |
| Total Non-derivatives | 42,445.00 | 8,817.22 | - | - | 51,262.22 |

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Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 24: 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 Thousands | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Total Borrowings | 75,765.60 | 42,445.00 |
| Less: Cash and Cash Equivalents | 5,518.51 | 11,009.79 |
| Adjusted Net Debt (a) | 70,247.09 | 31,435.21 |
| Adjusted Equity (b) | (25,914.83) | 7,756.85 |
| Adjusted Net Debt to Equity ratio (a) / (b) | (2.71) | 4.05 |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 25: Financial Performance Ratios :

| Sr. | Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | Variance % | Reason for >25% |
|-----|---|---------------------------------------|------------------------------|----------------|----------------|------------|--|
| A | Current ratio (in %) | Current Assets | Current Liabilities | 51.95% | 66.44% | -21.81% | - |
| B | Debt-Equity ratio (in times) | Total Debt | Shareholders' Equity | -2.92 | 5.47 | -153.43% | Increase in current borrowings |
| C | Debt service coverage ratio (in times) | Earnings Available for Debt Service * | Debt service | -0.44 | -1.08 | -59.49% | Increase in current borrowings |
| D | Return on equity ratio (in %) | Net Profit After Taxes | Average Shareholders' Equity | 91.65% | -62.44% | -246.78% | Reduction in loss for the year |
| E | Inventory turnover ratio (In times) | Cost of Goods Sold | Average Inventory | - | NA | - | - |
| F | Trade receivables turnover ratio (in times) | Net Credit Sales | Average trade receivables | - | NA | - | - |
| G | Trade payables turnover ratio (in times) | Net Credit Purchases | Average trade payables | - | NA | - | - |
| H | Net capital turnover ratio (in times) | Net Sales | Average working capital | - | NA | - | - |
| I | Net profit ratio (in %) | Net Profit | Net Sales | 8.57% | NA | 8.57% | - |
| J | Return on capital employed (in %) | Earnings before Interest and taxes | Capital employed ** | -65.49% | -96.93% | -32.44% | Fresh borrowings made and reduction in loss before tax |
| K | Return on investment (in %) | Income generated from investments | Average Investments | - | - | - | - |

* Net Profit after taxes+ Non-cash operating expenses+ Interest+ Other adjustments like loss on sale of Fixed assets etc

** Tangible Net worth+ Total Debt+ Deferred Tax Liability

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 26: 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 Thousands | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Contribution to Provident Fund | 697.76 | 997.85 |
| Contribution to Employee Pension Scheme | 105.00 | 126.25 |
| Total | 802.76 | 1,124.10 |

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

The following tables summaries 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 Thousands | |
|--|-------------------------|-------------------------|
| | Gratuity | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening defined benefit liability / (assets) | 1,568.351 | 3,595.53 |
| Net employee benefit expense recognised in the employee cost | | |
| Current service cost | 279.929 | 676.041 |
| Past service cost | - | - |
| Interest cost on benefit obligation | 102.983 | 235.908 |
| (Gain) / losses on settlement | - | - |
| Net benefit expense | 382.912 | 911.95 |
| Amount recorded in Other Comprehensive Income (OCI) | | |
| Measurement during the year due to : | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - |
| Actuarial loss / (gain) arising from change in financial assumptions | (34.598) | (150.301) |
| Actuarial loss / (gain) arising on account of experience changes | 199.607 | (1,764.337) |
| Actuarial loss / (gain) arising from change in demographic assumptions | 224.14 | (279.08) |
| Amount recognized in OCI | 389.14 | (2,193.71) |
| Benefit Paid | - | (745.42) |
| Closing net defined benefit liability / (asset) | 2,340.407 | 1,568.351 |

| Particulars | Gratuity | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| 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 year 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 | - | - |
| Amount recognized in OCI | - | - |
| Employer contributions/premiums paid | - | - |
| Benefits Paid | - | - |
| Closing fair value of plan assets | - | - |

Note 26: Disclosure under Ind AS 19 "Employee Benefits"

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

Rs in Thousands

| Particulars | Gratuity | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Present value of funded obligations | - | - |
| Fair value of plan assets | - | - |
| Present value of unfunded obligations | 2,340.41 | 1,568.35 |
| Amount not recognised as an asset (asset ceiling) | - | - |
| | 2,340.41 | 1,568.35 |
| Net liability is bifurcated as follows : | | |
| Current | 200.87 | 295.79 |
| Non-current | 2,139.54 | 1,272.56 |
| Total | 2,340.41 | 1,568.35 |

A quantitative analysis for significant assumption is as shown below:

| Particulars | Gratuity | |
|---|--|--|
| | As at March 31, 2023 | As at March 31, 2022 |
| Discount rate | 7.50% | 7.25% |
| Expected rate of return on plan assets (p.a.) | - | - |
| Salary escalation rate (p.a.) | 8.00% | 8.00% |
| Mortality pre-retirement | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2012-14) |

| Particulars | Gratuity | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Assumptions -Discount rate | | |
| Sensitivity Level | 50 bp | 50 bp |
| Impact on defined benefit obligation -in % increase | -2.84% | -2.06% |
| Impact on defined benefit obligation -in % decrease | 3.00% | 2.14% |
| Assumptions -Future salary increases | | |
| Sensitivity Level | 50 bp | 50 bp |
| Impact on defined benefit obligation -in % increase | 2.97% | 2.11% |
| Impact on defined benefit obligation -in % decrease | -2.84% | -2.05% |

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 Thousands

| Particulars | Gratuity | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Within the next 12 months (next annual reporting year) | 200.87 | 295.79 |
| Between 2 and 5 years | 1,416.39 | 1,119.96 |
| Between 6 and 9 years | 932.65 | 426.00 |
| For and Beyond 10 years | 1,442.37 | 380.96 |
| Total expected payments | 3,992.27 | 2,222.71 |
| The average duration of the defined benefit plan obligation at the end of the reporting year | 5.84 years | 4.19 years |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Note 27: Income Tax and Deferred Tax (Net) :**27(a) Income Tax Expense**

Rs in Thousands

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| (a) Income tax expense | | |
| <i>Current tax</i> | | |
| Current tax on profits for the year | - | - |
| Adjustments for current tax of prior periods | 637.25 | - |
| Total current tax expense (A) | 637.25 | - |
| <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) | 637.25 | - |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-------------------|--------------------|
| Loss before income tax expense | (32,645.28) | (48,771.14) |
| Tax at the Indian tax rate of 26.0% (March 31, 2022 : 26.0%) | (8,487.77) | (12,680.50) |
| Expenses not allowable for tax purposes | 7,850.52 | 12,680.50 |
| Adjustments for current tax of prior periods | 637.25 | - |
| Income tax expense charged to Statement of Profit and Loss | - | - |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Amounts recognised in respect of current tax/deferred tax directly in equity | - | - |

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Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Background of the Company:

The objective of the company is to carry on in India and elsewhere the business of dual use military and civil platforms with primary focus on fixed wing, rotary wing, land and naval platforms.

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, 2023 are authorised for issue by the Board of Directors on May 11, 2023. 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, as amended, 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 Thousands 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
- 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.

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

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 recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue comprises of and is accounted as under :

(i) Revenue from the sale of goods is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations. The customer obtains control of the goods when the goods are delivered to and accepted by the customer, according to the agreed delivery terms.

(ii) Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed

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.

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

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



Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

Equity instruments:

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investments in Subsidiaries:

The Company has accounted for its equity instruments in Subsidiaries at cost.

IV] Impairment of Financial Assets

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

V] Derecognition of Financial Assets

A financial asset is derecognised only when:

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

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

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

2. Financial Liabilities

I] Initial recognition and measurement

All financial liabilities are recognised at fair value. The Company financial liabilities include 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.

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

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 (Refer Note No. 22)

g) Property, Plant and Equipment:

Property, Plant and Equipment assets are carried at cost including taxes less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, Plant and Equipment are eliminated from the financial statements, either on disposal or when retired from active use.

Gains and losses on disposals or retirement of assets are determined by comparing proceeds with carrying amount. These are recognized in the Statement of Profit and Loss.

Depreciation method

Property, Plant and Equipment have been depreciated under the straight line method as per the useful life and in the manner prescribed in Part "C" Schedule II to the Act.

The Company charges 100% depreciation on any PPE item whose unit base value is less than Rs 5000.

h) Intangible Assets:

Intangible assets are stated at cost of acquisition net of tax/duty credits availed, if any, less accumulated amortisation / depletion. Cost includes expenditure directly attributable to the acquisition of asset.

Amortisation method

Computer Software capitalised are amortised on straight line basis over the period of 3 years.

i) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

j) 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.

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

k) 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 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. A contingent asset is disclosed, where an inflow of economic benefit is probable.

l) 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

m) 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.

n) 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.

o) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a 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.

p) 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.

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.

q) 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.

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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.

r) Leases

The Company has adopted the new accounting standard Ind AS 116 "Leases" on April 1, 2019 as per Companies (Indian Accounting Standards) amendment Rules, 2019, notified by MCA on March 30, 2019. Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. On application of IndAS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use assets(ROU), and finance cost for interest accrued on lease liability.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

At the commencement date of the lease the Company recognizes a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability consist of the payments for the right of use the underlying assets during the lease term that are not paid at the commencement date of the lease.

The payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. GST liability is included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes a right-of-use asset from a lease contract at the commencement date of the lease, which is the date that the underlying asset is made available for use.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date of the lease less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any and adjusted for any re measurement of the lease liability.

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It also considers possible asset retirement obligations in the cost of the right-of-use asset. Right-of-use assets are subject to impairment testing in future periods.

The Company has also applied the following practical expedient provided by the standard when applying Ind AS 116 :

- a) by measuring the assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment recognized immediately before the date of initial applications.
- b) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with Ind AS 17 will continue to be applied to those leases entered or modified before April 1, 2019.
- c) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- d) excluded the initial direct costs from measurement of the ROU asset
- e) Not to recognize ROU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

s) 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.

t) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS. 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

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Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

28. Capital Commitments

Estimated amount of contracts remaining unexecuted on capital account and not provided for during FY 2022-23 is Rs NIL (FY 2021-22: Rs.Thousand. 2,875.00)

29. Segment wise Revenue, Results and Capital Employed

The Company has no separate reportable segments as required under Indian Accounting Standard 108 "Operating Segment" as prescribed under Section 133 of the Act.

30. 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, 2023. 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

31. 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) Holding Company – Reliance Infrastructure Limited (R Infra)
- (j) Subsidiaries and Associates as below

| | | |
|--------------------------------|-----|--|
| Subsidiary Companies | (a) | Reliance Defence Systems Private Limited (RDSPL) |
| | (b) | Reliance Defence and Aerospace Private Limited (RDAPL) |
| | (c) | Reliance Defence Technologies Private Limited (RDTPPL) |
| | (d) | Reliance Aerostructure Limited (RAL) |
| | (e) | Reliance Defence Infrastructure Limited (RDIL) |
| | (f) | Reliance Helicopters Limited (RHL) |
| | (g) | Reliance Land Systems Limited (RLSL) |
| | (h) | Reliance Naval Systems Limited (RNSL) |
| | (i) | Reliance Propulsion Systems Limited (RPSL) |
| | (j) | Reliance Defence Systems & Tech Limited (RDSTL) |
| | (k) | Reliance Unmanned Systems Limited (RUSL) |
| Step Down Subsidiary Companies | (l) | Reliance Aero Systems Private Limited (RASPL) |
| | (a) | Dassault Reliance Aerospace Limited (DRAL) |
| | (b) | Thales Reliance Defence Systems Limited (TRDSL) |
| Associate Companies | (c) | Reliance Global Limited, (Incorporated in Republic of Korea) |
| | (a) | Reliance SED Limited (RSED) |
| | (b) | Gullfoss Enterprises Private Limited |

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

- (i) Person having significant influence over holding Company – Shri Anil Dhirubhai Ambani
- (ii) Fellow Subsidiary Companies :
 - (a) Reliance Cruise and Terminals Limited
 - (b) Jai Ammunition Limited (formerly Reliance Ammunition Limited)
 - (c) Jai Armaments Limited (formerly Reliance Armaments Limited)
 - (d) Reliance Velocity Limited
 - (e) DS Toll Road Limited
- (iii) Enterprises where control exists :
 - (a) Reliance Transport and Travels Private Limited
 - (b) Rosa Power Supply Company Limited
 - (c.) Reliance Infratel Limited

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Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

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

(Rs. in Thousands)

| Particulars | 2022-23 | 2021-22 |
|--|-------------|-------------|
| Transactions during the year: | | |
| (a) Balance Sheet Items: | | |
| Subordinate Debt Received - Reliance Infrastructure Limited | - | 23,037.00 |
| Inter Corporate Deposit (ICD) Received - Reliance Velocity Limited | 33,320.60 | 42,445.00 |
| Receivable from subsidiaries for liabilities paid on their behalf | | |
| - Reliance Defence Systems & Tech Limited | 6.00 | 6.00 |
| - Reliance Helicopters Limited | 0.09 | - |
| - Reliance Aerostructure Limited | - | 52.25 |
| Receipt from related party against Other Receivables (net of TDS) | | |
| - Thales Reliance Defence Systems Limited | 3,035.99 | 3,433.84 |
| Receivable from related party on transfer of employee loan balance | | |
| - D S Toll Road Limited | 425.90 | - |
| Receivable from holding company for expenses paid on their behalf | 201.21 | - |
| (b) Income: | | |
| Business Support Services - Thales Reliance Defence Systems Limited | 3373.33 | 3,815.37 |
| (c) Expenses: | | |
| Travelling Expenses - Reliance Transport and Travels Private Limited | 822.42 | 253.62 |
| Closing Balances: | | |
| (a) Share Capital Issued - Reliance Infrastructure Limited | 500.00 | 500.00 |
| (b) Equity Component of Financial Instrument - Reliance Infrastructure Limited | 7,08,936.50 | 7,08,936.50 |
| (c) Non Current Investment in Equity of Related Parties | | |
| - Reliance Defence Systems Private Limited | 100.00 | 100.00 |
| - Reliance Defence and Aerospace Private Limited | 100.00 | 100.00 |
| - Reliance Defence Technologies Private Limited | 100.00 | 100.00 |
| - Reliance Aerostructure Limited | 500.00 | 500.00 |
| - Reliance Defence Infrastructure Limited | 500.00 | 500.00 |
| - Reliance Helicopters Limited | 500.00 | 500.00 |
| - Reliance Land Systems Limited | 500.00 | 500.00 |
| - Reliance Naval Systems Limited | 500.00 | 500.00 |
| - Reliance Propulsion Systems Limited | 500.00 | 500.00 |
| - Reliance SED Limited | 185.00 | 185.00 |
| - Reliance Defence Systems & Tech Limited | 500.00 | 500.00 |
| - Reliance Unmanned Systems Limited | 500.00 | 500.00 |

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

| Particulars | 2022-23 | 2021-22 |
|--|-------------|-------------|
| - Reliance Aero Systems Private Limited | 100.00 | 100.00 |
| - Gullfoss Enterprises Private Limited | 50.01 | 50.01 |
| - Jai Ammunition Limited | 0.01 | 0.01 |
| - Jai Armaments Limited | 0.01 | 0.01 |
| (d) Financial Liabilities : Current Borrowings (ICD) – Reliance Velocity Limited | 75,765.60 | 42,445.00 |
| (e) Other Receivables from Related Parties | | |
| - Reliance Aerostructure Limited | 3,654.39 | 3,654.39 |
| - Reliance Defence Systems & Tech Limited | 1,430.60 | 1,430.60 |
| - D S Toll Road Limited | 425.90 | - |
| - Reliance Infratel Limited | - | 123.97 |
| (d) Trade Payable & Other Payables | | |
| - Reliance Infrastructure Limited | 4,224.23 | 4,425.44 |
| - Rosa Power Supply Company Limited | 2,295.84 | 2,295.84 |
| Contingent Liability (Closing Balance) | | |
| - Corporate Guarantee given to lender of Reliance Infrastructure Limited | 2,70,000.00 | 2,70,000.00 |

32. Details of Loan given, Investment made, Guarantee given and Security provided covered U/s 186(4) of the Companies Act, 2013

* Investment made is given in Note No. 04

* No Loans given or Security provided by the Company

* Guarantee provided for Rs.Thousand 2,70,000.00 to lenders of Reliance Infrastructure Limited

33. Earnings per Share

| Sr. No. | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---------|---|---------------------------|---------------------------|
| (i) | Profit / ((Loss) after tax available for Equity Share holders (Rs.in Thousands) | (33,282.53) | (48,771.14) |
| (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 (Rs) | (665.65) | (975.42) |
| (v) | Earnings per Equity Share- Diluted (Rs) | (665.65) | (975.42) |

34. Going Concern

The Company's entire net worth has been fully eroded, and its current liabilities exceed current assets, which indicates uncertainty exists that may cast a significant doubt on the Company's ability to continue as Going Concern. In view of adequate financial support from its Promoters, wherever required to meet its obligation, the accounts of the Company has been prepared on Going Concern basis

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

35. 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 Thousands) | | | |
|-------------------|---|--------------------|--------------------|
| Sr. No | Particulars | 2022-23 | 2021-22 |
| 1 | Equity Component of Financial Instruments (Subordinated Debt) | | |
| | Opening Balance | 7,08,936.50 | 6,85,899.50 |
| | Issued during the year | - | 23,037.00 |
| | Repaid during the year | - | - |
| | Closing Balance | 7,08,936.50 | 7,08,936.50 |
| 2 | Borrowings (Inter Corporate Deposit) | | |
| | Opening Balance | 42,445.00 | - |
| | Availed during the year | 33,320.60 | 42,445.00 |
| | Repaid during the year | - | - |
| | Closing Balance | 75,765.60 | 42,445.00 |

36. Additional regulatory information required by Schedule III of Companies Act, 2013:

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company during the year or in any person or entity, including foreign entities ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in other person or entities indentified by or on behalf of the Company ('ultimate beneficiaries').

The Company has not received any funds during the year from any party ("Funding Parties"), with the understanding that the Company shall whether, directly or indirectly, lend or invest in other person or entities identified by or on behalf of the Company ('ultimate beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

- (ii) (a) The Company does not have any Borrowings from any Bank or Financial Institution.
 (b) The Company has not been declared willful defaulter by any bank or financial institution or other lenders.
 (c) The Company has not taken any secured Loan and hence, no charge have been registered or yet to be registered with Registrar of Companies.
- (iii) The Company has not made any transactions with any company Struck Off under section 248 of the Companies Act, 2013.
- (iv) The Company has not entered into any Scheme of Arrangements in terms of section 230 to 237 of the Companies Act, 2013 during the year.
- (v) There are no transactions which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets which have been recorded in the books of accounts during the year.
- (vi) The Company has neither traded nor invested in Crypto Currency or any Virtual Currency during the year.
- (vii) During the year the Company has not:
 (i) Imported any raw material, spare parts, and consumable or capital goods.
 (ii) Declared any dividend to any non-resident shareholders
- (viii) Provisions regarding "Corporate Social Responsibility" (CSR) are not applicable to the Company.

Reliance Defence Limited

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2023

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

As per our report of even date

For M.S Sethi & Associates
Chartered Accountants
Firm Registration No.:109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No.: 039784

Rajesh K Dhingra
Director
DIN : 03612092

Partha Pratim Sarma
Director
DIN : 08245533

Place: Mumbai
Date: May 11, 2023

Place: New Delhi
Date: May 11, 2023