Independent Auditors' Report

To the Members of Reliance Defence Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

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

Other Matters

9. The comparative financial information of the Company for the year ended March 31, 2016 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended March 31, 2016 dated May 14, 2016 expressed an unmodified opinion on those financial statements and for the transition date opening balance sheet as at April 1, 2015 included in these Standalone Ind AS financial statements were certified by the management.

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

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

Continuation sheet...

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There were no pending litigations which would impact the financial position of the Company.

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company did not have any holding or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer note no. 27 to Standalone Ind AS financial statements.

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

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: April 11, 2017

Annexure A to Auditors' Report
Referred to in our Auditors' Report of even date to the members of Reliance Defence Limited on the Standalone Ind AS financial statements for the year ended March 31, 2017.

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As informed to us, the fixed assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) The Company does not have any immovable properties, hence the reporting requirements under clause (i)(c) of paragraph 3 of the Order is not applicable.

(ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loan, secured or unsecured, to any company, firm, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.

(vi) In our opinion and according to the information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, customs duty, excise duty and value added tax as at March 31, 2017 which have not been deposited on account of a dispute.

(viii) During the year the Company has not availed loan from any financial institution or bank or debenture holders hence the reporting requirements under paragraph 3(viii) of the order is not applicable.

(ix) During the year the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans hence the reporting requirements under paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: April 11, 2017

Annexure - B to Auditor's report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: April 11, 2017

Continuation sheet...

RELIANCE DEFENCE LIMITED

Accounts for the year ended on March 31, 2017

Reliance Defence Limited
Balance Sheet as at 31st March, 2017

Rs in Thousands

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2	**3,880.18**	560.27	-
Other Intangible Assets	3	**7.26**	13.26	-
Financial Assets				
- Investments	4	**4,900.00**	5,300.00	-
- Other Financial Assets	7	**2,104.04**	-	-
Other Non - Current Assets		**7,399.93**	1,311.82	-
Total Non-Current Assets		**18,291.41**	7,185.34	-
Current Assets				
Financial Assets				
- Cash and Cash Equivalents	6	**2,861.33**	4,102.03	500.00
- Loans	5	**2,63,581.47**	2,57,275.59	-
- Other Financial Assets	7	**38,746.99**	11,806.51	-
Other Current Assets	8	**188.53**	130,04	-
Total Current Assets		**3,05,378.31**	2,73,314.18	500.00
Total Assets		**3,23,669.73**	2,80,499.52	500.00
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	9	**500.00**	500.00	500.00
Other Equity	10	**2,89,784.64**	2,50,072.18	-
Total Equity		**2,90,284.64**	2,50,572.18	500.00
LIABILITIES				
Non-Current Liabilities				
Provisions	12	**14,380.22**	4,015.92	-
Total Non-Current Liabilities		**14,380.22**	4,015.92	-
Current liabilities				
Financial Liabilities				
- Trade Payables	11	**13,729.54**	165.17	-
Provisions	12	**1,857.53**	630.35	-
Other Current Liabilities	13	**3,416.80**	25,115.91	-
Total Current Liabilities		**19,003.87**	25,911.42	-
Total Liabilities		**33,384.09**	29,927.34	-
Total Equity and Liabilities		**3,23,668.73**	2,80,499.52	500.00

The accompanying notes form an intergral part of Financial Statements 1 to 30

As per our attached Report of even date

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

Vishal D. Shah
Partner
Membership No. 119303

Place : Mumbai
Date : Apr 11, 2017

For and on behalf of the Board of Directors

Lalit Jalan — Director — DIN : 0027033

Sateesh Seth — Director — DIN : 00004631

Place : Mumbai
Date : Apr 11, 2017

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

Rs in Thousands

Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
Other Income	14	**54,582.54**	27,063.46
Total income		**54,582.54**	27,063.46
Expenses			
Employee Benefits Expense	15	**1,19,398.06**	67,349.77
Finance Costs	16	**36.70**	-
Depreciation and Amortisation Expense	2 & 3	**758.96**	129.98
Other Expenses	17	**1,00,696.33**	37,511.53
Total Expenses		**2,20,890.04**	1,04,991.28
Loss before tax		**(1,66,307.51)**	(77,927.82)
Tax expense :			
- Current tax		-	-
- Deferred tax		-	-
- Income tax for earlier years		**4,668.27**	-
		4,668.27	-
Loss after tax		**(1,70,975.77)**	(77,927.82)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans : Gains / (Loss)		**(4,661.77)**	-
Other Comprehensive Income/(Loss)		**(4,661.77)**	-
Total Comprehensive Income/(Loss)		**(1,75,637.54)**	(77,927.82)
Earnings per equity share (Face Value of Rs 10 each)	25		
Basic earnings per share		**(3,419.52)**	(1,558.56)
Diluted earnings per share		**(3,419.52)**	(1,558.56)

The accompanying notes form an intergral part of Financial Statements 1 to 30

As per our attached Report of even date

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

Vishal D. Shah
Partner
Membership No. 119303

Place : Mumbai
Date : Apr 11, 2017

For and on behalf of the Board of Directors

Lalit Jalan
Director
DIN : 00270338

Sateesh Seth
Director
DIN : 00004631

Place : Mumbai
Date : Apr 11, 2017

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

Rs in Thousands

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from Operating Activities			
Loss before tax		**(166,307.51)**	(77,927.82)
Adjustments for:			
Depreciation		**758.96**	129.98
Interest Income on Inter Corporate Deposits		**(26,999.27)**	(13,118.33)
Provision for Leave Encashment and Gratuity		**8,189.42**	4,791.76
Stamp Duty & Filing Expenses		**12.98**	42.39
Cash generated from operations before working capital changes		**(184,345.41)**	(86,082.02)
Adjustments for:			
(Increase) in Financial Assets & Other Assets		**(29,089.88)**	(14,180.85)
Increase in Financial Liabilities & Other Liabilities		**(9,394.44)**	25,135.58
Cash generated from operations		**(222,829.73)**	(75,127.28)
Income taxes paid		**(10,756.38)**	(1,311.82)
Net cash used in Operating Activities	(A)	**(233,586.11)**	(76,439.10)
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment		**(4,071.87)**	(703.51)
Proceeds from sale of Investments in Subsidiaries		**100,400.00**	-
Purchase of investment in Subsidiaries		**(100,000.00)**	(5,300.00)
Inter Corporate Deposit Given		**(6,320.00)**	(255,031.30)
Interest received on Inter Corporate Deposit		**26,999.27**	13,118.33
Net cash generated from /(used in) Investing activities	(B)	**17,007.40**	(247,916.48)
Cash flow from Financing Activities			
Stamp Duty & Filing Expenses		**(12.98)**	(42.39)
Proceeds from Other Equity Components (Subordinate Debt)		**215,350.00**	328,000.00
Net Cash generated from Financing Activities	(C)	**215,337.02**	327,957.61
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(1,241.70)**	3,602.03
Cash and Cash Equivalents as at the beginning of the year		**4,102.03**	500.00
Cash and Cash Equivalents as at end of the year		**2,861.33**	4,102.03
Net Increase/(Decrease) as disclosed above		**2,860.33**	4,102.03

Cash and Cash Equivalents at the end of the year comprises of :		
Balance with banks in current accounts (Refer Note No 6)	2,861.33	4,102.03
Balances as per Statement of Cash Flows	**2,861.33**	**4,102.03**

The above statement of Cash Flows should be read in conjunction with the accompanying notes (1 to 30)

As per our attached Report of even date

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

Vishal D. Shah
Partner
Membership No. 119303

Place : Mumbai
Date : Apr 11, 2017

For and on behalf of the Board of Directors

Lalit Jalan	**Sateesh Seth**
Director	Director
DIN : 00270338	DIN : 00004631

Place : Mumbai
Date : Apr 11, 2017

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

EQUITY SHARE CAPITAL

Rs in Thousands

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at April 01, 2015	500.00	-	500.00
As at March 31, 2016	500.00	-	500.00
As at March 31, 2017	500.00	-	500.00

OTHER EQUITY

Rs in Thousands

Particulars	Equity Component of Financial Instruments (Subordinate Debts)	Retained Earnings	Total
As at April 01, 2015	-	-	-
Loss for the year	-	(77,927.82)	(77,927.82)
Other comprehensive income for the year	-	-	-
Total Comprehensive Income/(Loss) for the year	-	(77,927.82)	(77,927.82)
Issue of Subordinate Debt	328,000.00	-	328,000.00
Balance as at March 31, 2016	**328,000.00**	**(77,927.82)**	**250,072.18**
As at April 01, 2016	328,000.00	(77,927.82)	250,072.18
Loss for the year	-	(170,975.77)	(170,975.77)
Other comprehensive income for the year	-	(4,661.77)	(4,661.77)
Total Comprehensive Income/(Loss) for the year	-	(175,637.54)	(175,637.54)
Issue of Subordinate Debt	215,350.00	-	215,350.00
Balance as at March 31, 2017	**543,350.00**	**(253,565.36)**	**289,784.64**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1 to 30)

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

Vishal D. Shah
Partner
Membership No. 119303

Place : Mumbai
Date : Apr 11, 2017

For and on behalf of the Board of Directors

Lalit Jalan
Director
DIN : 00270338

Sateesh Seth
Director
DIN : 00004631

Place : Mumbai
Date : Apr 11, 2017

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

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 business will undertake activities of conceptualization, research, design, development, production, manufacture, assembly, modification, upgrade, overhaul, engineering support, buying, selling, importing, exporting, exchanging, altering, hiring, letting on hire and any other related activity of such systems and to do all such incidental acts and things as may be necessary for the attainment of the aforesaid object.

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

These financial statements of the Company for the year ended March 31, 2017 were authorised for issue by the board of directors on April 11, 2017. Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

1. **Significant Accounting Policies:**

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

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

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

As these financial statements for the year ended March 31, 2017 are the first financial statements of the Company prepared in accordance with Ind AS, Ind AS 101, "First-time Adoption of Indian Accounting Standards" has been applied. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in Note No 28.

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.

(iv) New Standards and Interpretations not yet effective

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

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

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

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

c) Current versus Non-current Classification
The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.
An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- Held primarily for the purpose of trading

All other liabilities are classified as non-current.

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

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

d) Revenue Recognition Policy

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

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

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

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

e) Financial Instruments:

1. Financial Assets

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 is measured at fair value through profit or loss.

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 includes Trade and other Payables, loans and borrowings.

II] Subsequent Measurement

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

(i) Borrowings

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

(ii) Trade and Other Payables:

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

III] Derecognition of Financial Liabilities

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

(f) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

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

Quantitative disclosures of fair value measurement hierarchy (Refer Note No 18)

g) Property, Plant and Equipment:

Property, Plant and Equipment assets are carried at cost net of tax / duty credit availed 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.

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 capitalized are amortized 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.

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. Contingent assets are neither recognised nor disclosed in the financial statements.

l) 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.

m) 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.

n) 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.

o) 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 liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(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.

p) Income tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that 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.

q) 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.

Note 2: Property, Plant and Equipment Rs in Thousands

Particulars	Furniture and Fixtures	Office Equipment	Computers	Total
Year ended March 31, 2016				
Gross Carrying Amount				
Deemed cost as at April 1, 2015	-	-	-	-
Additions	-	12.14	673.37	685.51
Disposals	-	-	-	-
Closing Gross Carrying Amount	-	12.14	673.37	685.51
Accumulated Depreciation and Impairment				
Depreciation charge during the year	-	1.48	123.76	125.24
Disposals	-	-	-	-
Closing Accumulated Depreciation and Impairment	-	1.48	123.76	125.24
Net carrying amount as on March 31, 2016	-	10.65	549.62	560.27
Year ended March 31, 2017				
Gross Carrying Amount				
Opening gross carrying amount	-	**12.14**	**673.37**	**685.51**
Additions	**98.95**	**3,269.56**	**703.36**	**4,071.87**
Disposals	-	-	-	-
Closing Gross Carrying Amount	**98.95**	**3,281.69**	**1,376.73**	**4,757.38**
Accumulated Depreciation and Impairment				
Opening accumulated depreciation and impairment	-	**1.48**	**123.76**	**125.24**
Depreciation charge during the year	**6.05**	**374.94**	**370.97**	**751.96**
Disposals	-	-	-	-
Closing Accumulated Depreciation and Impairment	**6.05**	**376.42**	**494.72**	**877.20**
Net Carrying Amount	**92.90**	**2,905.27**	**882.01**	**3,880.18**

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

Note 3: Intangible Assets

Rs in Thousands

Particulars	Computer Software	Total
Year ended March 31, 2016		
Gross carrying amount		
Deemed cost as at April 01, 2015	-	-
Additions	18.00	18.00
Closing Gross Carrying Amount	18.00	18.00
Accumulated amortisation and impairment		
Amortisation charge for the year	4.74	4.74
Closing accumulated amortisation and impairment	4.74	4.74
Net carrying amount as on March 31, 2016	13.26	13.26
Year ended March 31, 2017		
Gross carrying amount		
Opening Gross Carrying amount	**13.26**	**13.26**
Additions	-	-
Closing Gross Carrying Amount	**13.26**	**13.26**
Accumulated Amortisation and Impairment		
Amortisation charge for the year	**6.00**	**6.00**
Closing accumulated amortisation and impairment	**6.00**	**6.00**
Closing Net Carrying Amount	**7.26**	**7.26**

Note:
i) Balance useful life of intangible asset is 1.21 years
ii) Intangible assets are other than internally generated.

Note 4: Financial Assets : Non-Current Investments (Non-Trade)

Rs in Thousands

Particulars	Face value in Rs. unless otherwise stated	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Number of shares	Value Rs in Thousands	Number of shares	Value Rs in Thousands	Number of shares	Value Rs in Thousands
Investment in Equity instruments at Cost (fully paid-up)							
Unquoted Subsidiary Companies							
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 (Formerly known as Reliance Space 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 SED Limited	10	**50,000**	**500.00**	50,000	500.00	-	-
Reliance Cruise & Terminals Limited (Formerly known as Reliance Defence Ventures Limited)	10			50,000	500.00	-	-
Reliance Rafael Defence Systems Private Limited (w.e.f. 31.03.2017)	10	**10,000**	**100.00**	-	-	-	-
Total (Equity Instruments)		**490,000**	**4,900.00**	530,000	5,300.00	-	-
		Book Value	**Market value**	Book Value	Market value	Book Value	Market value
Aggregate amount of unquoted investments		**4,900.00**	**-**	5,300.00	-	-	-
		4,900.00	**-**	5,300.00	-	-	-

Note 5: Finacial Assets : Loans- Current

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured, considered good			
Loans to Employees	**2,230.17**	2,244.29	-
Unsecured, considered good			
Inter Corporate Deposits to subsidiaries	**261,351.30**	255,031.30	-
Total	**263,581.47**	257,275.59	-

Note 6: Cash and Cash Equivalents

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks in -			
Current Account	**2,861.33**	4,102.03	500.00
Total	**2,861.33**	4,102.03	500.00

Note 7: Other Financial Assets

Rs in Thousands

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Security Deposits	**-**	**2,104.04**	-	-	-	-
Interest accrued on Inter corporate deposits (Refer Note. 23)	**38,746.99**	**-**	11,806.51	-	-	-
Total	**38,746.99**	**2,104.04**	11,806.51	-	-	-

Note 8: .Other Assets

Rs in Thousands

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Advance Tax and Tax deducted at source (net of provision for tax)	**-**	**7,399.93**	-	1,311.82	-	-
Advance to Employees	**159.11**	**-**	130.04	-	-	-
Prepaid Expenses	**29.42**	**-**	-	-	-	-
Total	**188.53**	**7,399.93**	130.04	1,311.82	-	-

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

Note 9: Equity Share Capital

Rs in Thousands

Authorised Share Capital	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
50,000 (50,000) Equity Shares of INR10 each	**500.00**	500.00	500.00
Total Authorised share capital	**500.00**	500.00	500.00

Issued, Subscribed and Paid Up Share Capital	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
50,000 (50,000) Equity Shares of INR10 each	**500.00**	500.00	500.00
Total Issued, Subscribed and Paid Up Share capital	**500.00**	500.00	500.00

(i) Movements in Share capital

Rs in Thousands

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Equity Shares -	**No. of shares**	INR	No. of shares	INR	No. of shares	INR
At the beginning of the year	**50,000**	**500.00**	50,000	500.00	50,000	500.000
Add: Issued during the year					-	-
Outstanding at the end of the year	**50,000**	**500.00**	50,000	500.00	50,000	500.000

(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

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reliance Infrastructure Limited, the Holding Company			
50,000 equity shares of Rs. 10 each fully paid	**500.00**	500.00	500.00

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

Name of the Shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	**% held**	No. of Shares	% held	No. of Shares	% held
Equity Shares of Rs. 10 each fully paid						
Reliance Infrastructure Limited and its nominees	**50,000**	**100%**	50,000	100%	50,000	100%

Note 10: Other Equity

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity Component of Financial Instruments	**5,43,350.00**	3,28,000.00	-
Retained Earnings	**(2,53,565.36)**	(77,927.82)	-
Total Other Equity	**2,89,784.64**	2,50,072.18	-

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

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance as per last Balance Sheet	**3,28,000.00**	-	-
Add: Addition during the year	**2,15,350.00**	3,28,000.00	-
Closing balance	**5,43,350.00**	3,28,000.00	-

(ii) Retained Earnings

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance as per last Balance Sheet	**(77,927.82)**	-	-
Add: Loss for the year	**(1,75,637.54)**	(77,927.82)	-
Closing balance	**(2,53,565.36)**	(77,927.82)	-

Note 11 : Trade Payables

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues to micro and small enterprises	-	-	-
Total outstanding dues to others	**13,730.54**	165.17	-
Total	**13,730.54**	165.17	-

Note 12 : Provisions

Rs in Thousands

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-current**	Current	Non-current	Current	Non-current
Leave Encashment	**1,581.37**	**8,866.94**	630.35	3,807.02	-	-
Gratuity (Refer Note No. 20)	**276.16**	**5,513.28**	-	208.90	-	-
Total	**1,857.53**	**14,380.22**	630.35	4,015.92	-	-

Note 13: Other Liabilities

Rs in Thousands

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non Current**	Current	Non-Current	Current	Non-Current
Other Payables	**193.87**	**-**	2,315.28	-	-	-
Employee Payables	**494.21**	**-**	19,816.53	-	-	-
Statutory Dues Payables	**2,728.72**	**-**	2,984.10	-	-	-
Total	**3,416.80**	**-**	25,115.91	-	-	-

Note 14: Other Income

Rs in Thousands

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest income from other financial assets at amortised cost		
- Intercorporate deposits	**26,999.27**	13,118.33
- Others	**113.70**	30.63
Miscellaneous income	**27,469.57**	13,914.50
Total	**54,582.54**	27,063.46

Note 15: Employee Benefit Expense

Rs in Thousands

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages, Bonus, etc.	**105,247.23**	60,241.49
Contribution to Provident and Other Funds	**4,652.21**	1,635.87
Gratuity Expense (Refer Note No. 20)	**1,460.06**	208.90
Leave Encashment	**6,729.37**	4,582.86
Workmen and Staff Welfare	**1,309.19**	680.66
Total	**119,398.06**	67,349.77

Note 16: Finance Cost

Rs in Thousands

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Other finance charges	**36.70**	-
Total	**36.70**	-

Note 17: Other Expenses

Rs in Thousands

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Communication Expenses	**6,153.39**	3,791.78
Hire Charges	**655.38**	392.58
Rent	**13,712.74**	3,769.50
Repairs and Maintenance		
Buildings	**4,679.49**	710.07
Other Assets	**247.90**	-
Brokerage and Commission	**461.90**	-
Auditors Remuneration		
- Audit Fees	**53.96**	42.00
- Limited Review Fees	**6.90**	1.50
Travelling and Conveyance	**25,540.32**	8,258.23
Membership and Subscription Fees	**384.41**	46.11
Seminar and Training Fees	**205.52**	179.84
Insurance	**1,092.08**	5.31
Rates and taxes	**7.50**	2.50
Stamp Duty and Filing fees	**12.98**	42.39
Electricity	**202.35**	-
Legal and professional charges	**16,258.20**	891.19
Postage & Courier	**45.52**	27.96
House Keeping Expenses	**426.61**	-
Printing & Stationery	**434.66**	315.60
Miscellaneous expense	**1,091.99**	2,508.11
Consumables	**26,899.21**	13,640.90
Recruitment Expenses	**690.88**	1,780.35
Books and Periodicals	**27.74**	-
Advertisement Expenses	**199.56**	458.00
Entertainment and Hospitality	**602.79**	308.80
Fuel & Maintenance	**528.00**	338.81
Licence & Application Fees	**74.32**	-
Total	**100,696.33**	37,511.53

Note 18. Fair Value Measurements

(a) Financial Instruments by category

(i) Signficance of financial instruments

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Assets			
At amortised Cost			
Loans	**2,63,581.47**	2,57,275.59	-
Security Deposits	**2,104.04**	-	-
Interest accrued on inter corporate deposits	**36,094.48**	11,806.51	-
Cash and Cash equivalent	**2,861.33**	4,102.03	500.00
Other Receivable from related party	**2,652.51**	-	-
At Fair value through profit & loss	-	-	-
Total Financial Assets	**3,07,293.83**	2,73,184.13	500.00
Financial Liabilities			
At amortised Cost			
Trade Payables	**13,729.54**	165.17	-
At Fair value through profit & loss	-	-	-
Total Financial Liabilities	**13,729.54**	165.17	-

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

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

Rs in Thousands

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Assets			
Level 3			
Loans	**2,63,581.47**	2,57,275.59	-
Security Deposits	**2,104.04**	-	-
Interest accrued on inter corporate deposits	**36,094.48**	11,806.51	-
Cash and Cash Equivalent	**2,861.33**	4,102.03	500.00
Other Receivable from related party	**2,652.51**	-	-
Total Financial Assets	**3,07,293.83**	2,73,184.13	500.00
Financial Liabilities			
Level 3			
Trade Payables	**13,729.54**	165.17	-
Total Financial Liabilities	**13,729.54**	165.17	-

Recognised fair value measurements

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

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

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

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

Note 19: 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. 2661.33 Thousands, Rs 4102.03 Thousands and Rs. 500.00 Thousands as at March 31,2017, March 31, 2016 and April 01, 2015 respectively.The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

(iii) Market risk

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

(a) Interest rate risk

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

Liquidity Risk - Table

The table below analyses the Company's non-derivative financial liabilities 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, 2017	**Less than 1 year**	**Between 1 year and 5 years**	**Over 5 years**	**Total**
Non-derivatives				
Trade and other payables	**13,729.54**	-	-	**13,729.54**
Total non-derivatives	**13,729.54**	-	-	**13,729.54**

As at March 31, 2016	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	165.17	-	-	165.17
Total non-derivatives	165.17	-	-	165.17

As at April 1, 2015	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	-	-	-	-
Total non-derivatives	-	-	-	-

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

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

a) Defined Contribution plan

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

Rs in Thousands

Particulars	As at March 31, 2017	As at March 31, 2016
Contribution to Provident Fund	**3,358.08**	1,146.80
Contribution to Employee Pension Scheme	**343.39**	86.85
Total	**3,701.47**	1,233.65

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

Rs in Thousands

Particulars	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Opening defined benefit liability / (assets)	**208.90**	-
Net employee benefit expense recognised in the employee cost		
Current service cost	**1,119.19**	208.90
Past service cost	**-**	-
Interest cost on benefit obligation	**340.87**	-
(Gain) / losses on settlement	**-**	-
Net benefit expense	**1,460.06**	208.90
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	**716.88**	-
Actuarial loss / (gain) arising on account of experience changes	**3,944.89**	-
Experience (gains)/losses	**-**	-
Amount recognized in OCI	**4,661.77**	-
Benefit Paid	**(541.29)**	-
Closing net defined benefit liability / (asset)	**5,789.44**	208.90

Particulars	Gratuity	
	As at March 31, 2017	As at March 31, 2016
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		-

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

Note 20: 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, 2017	As at March 31, 2016
Present value of funded obligations		
Fair value of plan assets	-	-
Present value of unfunded obligations	5,789.44	208.90
Amount not recognised as an asset (asset ceiling)	-	-
	5,789.44	208.90
Net liability is bifurcated as follows :		
Current	276.16	129.94
Non-current	5,513.28	78.96
Total	5,789.44	208.90

Particulars	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Discount rate	7.05%	7.80%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	7.50%	7.50%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative analysis for significant assumption is as shown below:

Particulars	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	-4.86%	-4.86%
Impact on defined benefit obligation -in % decrease	5.21%	5.21%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	5.17%	5.17%
Impact on defined benefit obligation -in % decrease	-4.86%	-4.86%

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, 2017	As at March 31, 2016
Within the next 12 months (next annual reporting year)	276.16	208.90
Between 2 and 5 years	3,307.79	-
Between 6 and 9 years	3,013.86	-
For and Beyond 10 years	16,342.14	-
Total expected payments	22,939.94	208.90

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

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

21(a) Income Tax Expense

Rs in Thousands

Particulars		**March 31, 2017**	March 31, 2016
(a) Income tax expense			
Current tax			
Current tax on profits for the year		-	-
Adjustments for current tax of prior periods		4,668	-
Total current tax expense	**(A)**	**4,668**	-
Deferred tax			
Decrease/(increase) in deferred tax assets		-	-
(Decrease)/increase in deferred tax liabilities		-	-
Total deferred tax expense/(benefit)	**(B)**	-	-
Income tax expense	**(A + B)**	**4,668**	-

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

Rs in Thousands

Particulars	**March 31, 2017**	March 31, 2016
Loss before income tax expense	**(166,308)**	(77,928)
Tax at the Indian tax rate of 34.608%	**(57,556)**	(26,969)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax losses for which no deferred income tax was recognised	**52,887**	26,969
Adjustments for current tax of prior periods	**4,668**	-
Income tax expense charged to Statement of Profit and Loss	-	-

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

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

Rs in Thousands

Particulars	**March 31, 2017**	March 31, 2016	April 01, 2015
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-	-

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

22. Segment wise Revenue, Results and Capital Employed

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

23. Related Party Disclosure

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

(a) Parties where control exists:

(i) Holding Company – Reliance Infrastructure Limited

(ii)

Subsidiary Companies	(a)	Reliance Defence Systems Private Limited (RDSL)
	(b)	Reliance Defence and Aerospace Private Limited (RDAL)
	(c)	Reliance Defence Technologies Private Limited (RDTL)
	(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 SED Limited (RSED)
	(k)	Reliance Defence Systems & Tech Limited (RDST) (Formerly Reliance Space Limited)
	(l)	Reliance Unmanned Systems Limited (RUSL)
	(m)	Reliance Rafael Defence Systems Private Limited (RRDSL) (w.e.f. Mar 31, 2017)
	(n)	Reliance Cruise & Terminals Limited (RCTL) (formerly known as Reliance Defence Ventures Limited) (upto January 20, 2017)

(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) Enterprises over which person described in (i) above has significant influence:-

(a) Reliance Communications Limited
(b) Reliance HR Services Private Limited
(c) Campion Properties Limited
(d) Reliance Transport and Travels Private Limited
(e) Reliance IDC Limited

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

(Rs. in Thousands)

Particulars	**2016-17**	2015-16
Transactions during the year:		
(a) Balance Sheet Items:		
Purchase of Equity Shares from		
- Reliance Infrastructure Limited		300.00

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	**2016-17**	2015-16
Investment in Equity Shares of Subsidiaries		
- Reliance Aerostructure Limited (RAL)	-	500.00
- Reliance Defence Infrastructure Limited (RDIL)	-	500.00
- Reliance Helicopters Limited (RHL)	-	500.00
- Reliance Land Systems Limited (RLSL)	-	500.00
- Reliance Naval Systems Limited (RNSL)	-	500.00
- Reliance Propulsion Systems Limited (RPSL)	-	500.00
- Reliance SED Limited (RSED)	-	500.00
- Reliance Space Limited (RSL)	-	500.00
- Reliance Unmanned Systems Limited (RUSL)	-	500.00
- Reliance Cruise & Terminals Limited (Formerly Reliance Defence Ventures Limited)	-	500.00
Sale of Investment in Equity Shares of Reliance Cruise & Terminals Limited (Formerly Reliance Defence Ventures Limited - RDVL)		
- Reliance Infrastructure Limited	**500.00**	-
Equity Component of Financial Instruments (Subordinate Debts) Received		
- Reliance Infrastructure Limited	**2,15,350.00**	3,28,000.00
Inter Corporate Deposits (ICD) Given		
- Reliance Aerostructure Limited	**2,100.00**	2,54,731.30
- Reliance Defence Systems & Tech Limited	**4,220.00**	-
- Reliance Defence & Aerospace Private Limited	-	300.00
- Reliance Naval Systems Limited	-	30.00
Inter Corporate Deposits (ICD) Received Back		
- Reliance Naval Systems Limited	-	30.00
Fixed Assets		
- Reliance Infrastructure Limited	-	182.70
Other Current Assets		
Interest accrued on Inter Corporate Deposit		
- Reliance Aerostructure Limited	**26,895.87**	13,106.96
- Reliance Defence and Aerospace Private Limited	**31.50**	11.19
- Reliance Naval Systems Limited	-	0.18
- Reliance Defence Systems & Tech Limited	**71.89**	-
Other Receivables		
- Reliance Defence Systems & Tech Limited	**271.81**	-

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	2016-17	2015-16
(b) Income:		
Interest on Inter Corporate Deposits (ICD)		
- Reliance Aerostructure Limited	**26,895.87**	13,106.96
- Reliance Defence and Aerospace Private Limited	**31.50**	11.19
- Reliance Naval Systems Limited		0.18
- Reliance Defence Systems & Tech Limited	**71.89**	-
(c) Expenses:		
Communication Expenses		
- Reliance Communications Limited	**5,819.87**	869.83
Rent Expenses		
- Campion Properties Limited	-	3,769.50
- Reliance IDC Limited	**996.66**	-
- Reliance Infrastructure Limited	**3716.21**	-
Travelling and Conveyance Expenses		
- Reliance Transport and Travels Private Limited	**140.00**	721.85
Employee Benefit Expenses & Professional Fees		
- Reliance HR Services Private Limited	**9892.08**	-
Expenses incurred for Subsidiary Companies		
- Reliance Defence Systems Private Limited (RDSL)	**14.14**	0.50
- Reliance Defence and Aerospace Private Limited (RDAL)	**4.61**	196.96
- Reliance Defence Technologies Private Limited (RDTL)	**4.91**	0.50
- Reliance Aerostructure Limited (RAL)	**14.00**	6.06
- Reliance Defence Infrastructure Limited (RDIL)	**11.77**	1.00
- Reliance Helicopters Limited (RHL)	**11.90**	3.53
- Reliance Land Systems Limited (RLSL)	**6.53**	3.53
- Reliance Naval Systems Limited (RNSL)	**6.57**	8.59
- Reliance Propulsion Systems Limited (RPSL)	**11.86**	6.06
- Reliance SED Limited (RSED)	**6.58**	3.53
- Reliance Defence Systems and Tech Limited (RDST)	**70.65**	1.00
- Reliance Unmanned Systems Limited (RUSL)	**6.71**	3.53
Employees Group Medical & Life Insurance Premium		
- Reliance Infrastructure Limited	**1,080.49**	-
Expenses incurred and were reimbursed		
- Reliance Infrastructure Limited	-	150.00

PATHAK H.D. & ASSOCIATES MUMBAI

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	**2016-17**	2015-16
Expenses incurred by us and not reimbursed yet		
- Reliance Communications Limited	**103.87**	-
Closing Balances:		
(a) Share Capital		
- Reliance Infrastructure Limited	**500.00**	500.00
(b) Equity Component of Financial Instruments (Subordinate Debts)		
- Reliance Infrastructure Limited	**5,43,350.00**	3,28,000.00
(c) Investment in Equity Shares		
- Reliance Defence Systems Private Limited (RDSL)	**100.00**	100.00
- Reliance Defence and Aerospace Private Limited (RDAL)	**100.00**	100.00
- Reliance Defence Technologies Private Limited (RDTL)	**100.00**	100.00
- Reliance Aerostructure Limited (RAL)	**500.00**	500.00
- Reliance Defence Infrastructure Limited (RDIL)	**500.00**	500.00
- Reliance Helicopters Limited (RHL)	**500.00**	500.00
- Reliance Land Systems Limited (RLSL)	**500.00**	500.00
- Reliance Naval Systems Limited (RNSL)	**500.00**	500.00
- Reliance Propulsion Systems Limited (RPSL)	**500.00**	500.00
- Reliance SED Limited (RSED)	**500.00**	500.00
- Reliance Defence Systems and Tech Limited (RDST)	**500.00**	500.00
- Reliance Unmanned Systems Limited (RUSL)	**500.00**	500.00
- Reliance Cruise & Terminals Limited (Formerly Reliance Defence Ventures Limited)	-	500.00
- Reliance Rafael Defence Systems Private Limited (RRDSL)	**100.00**	-
(d) Financial Assets: Loans –Current (ICD)		
- Reliance Aerostructure Limited	**2,56,831.30**	2,54,731.30
- Reliance Defence and Aerospace Private Limited	**300.00**	300.00
- Reliance Defence Systems & Tech Limited	**4,220.00**	
(e) Other Current Assets (Int. accrued on ICD)		
- Reliance Aerostructure Limited	**36,002.54**	11,796.26
- Reliance Defence and Aerospace Private Limited	**27.23**	10.07
- Reliance Naval Systems Limited	-	0.18
- Reliance Defence System & Tech Limited	**64.71**	-
(f) Other Receivables		
- Reliance Defence Systems Private Limited (RDSL)	**14.37**	-
- Reliance Defence and Aerospace Private Limited (RDAL)	**4.61**	-

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Particulars	2016-17	2015-16
- Reliance Defence Technologies Private Limited (RDTL)	**4.91**	-
- Reliance Aerostructure Limited (RAL)	**14.00**	-
- Reliance Defence Infrastructure Limited (RDIL)	**11.77**	-
- Reliance Helicopters Limited (RHL)	**11.90**	-
- Reliance Land Systems Limited (RLSL)	**6.53**	-
- Reliance Naval Systems Limited (RNSL)	**6,57**	-
- Reliance Propulsion Systems Limited (RPSL)	**11.86**	-
- Reliance SED Limited (RSEDL)	**6.58**	-
- Reliance Defence Systems & Tech Limited (RDST)	**342.46**	-
- Reliance Unmanned Systems Limited (RUSL)	**6.71**	-
(g) Trade Payable & Other Payables		
- Reliance Infrastructure Limited	**510.26**	-
- Reliance IDC Limited	**910.00**	-
- Reliance HR Services Limited	**569.42**	-
- Reliance Communications Limited	**202.79**	-

24. Disclosure as required under Ind. AS -17

Disclosure as required under Ind AS - 17 " Leases" as prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 is given below :

(a) The Company has entered into cancellable / non-cancellable leasing agreement for office, and residential premises renewable by mutual consent on mutually agreeable terms.

(b) Future minimum lease payments under non-cancellable operating lease are as under:

(Rs. in Thousands)

Particulars	**Lease Rental Debited to Statement of Profit and Loss (Cancellable and Non cancellable)**	**Future Minimum Lease Rentals**			**Period of Lease***
		Less Than 1 Year	**Between 1 to 5 Years**	**More than 5 Years**	
Rent	**13,712.74**	**6,616.18**	**7,327.59**		36 months

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

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

25. Earnings per Share

(Rs. in Thousands)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs.in Thousands)	(1,75,637.54)	(77,927.82)
(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	(3419.52)	(1558.56)
(v)	Earnings per Equity Share- Diluted	(3419.52)	(1558.56)

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

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

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

28. First-time adoption of Ind AS

The Company was incorporated on March 28, 2015. As on transition date there were no such transition which would have any effect on transition to Ind AS. Hence equity as on the date of transition as per previous GAAP is same as per Ind AS. Further, there were no such transactions during the year 2015-16 which would have been treated differently under Ind AS. Hence Equity, Profit & Loss and Cash Flow as per previous GAAP is same as per Ind AS.

29. Capital Risk Management

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

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

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

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

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

Reliance Defence Limited

Notes annexed to and forming part of the Standalone Financial Statements

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

As per our attached report of even date

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

Vishal D. Shah
Partner
Membership No.: 119303

Place: Mumbai
Date: Apr 11, 2017

For and on behalf of the Board of Directors

Lalit Jalan
Director
DIN : 00270338

Sateesh Seth
Director
DIN : 00004631

Place: Mumbai
Date: Apr 11, 2017