

Independent Auditors' Report

To The Members of
Reliance Engineering and Defence Services Limited
(Formerly known as Pipavav Engineering and Defence Services Limited)

We have audited the accompanying financial statements of **Reliance Engineering and Defence Services Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Ind AS notified pursuant to the Companies (Indian Accounting Standards) Rules, 2015 Section 133 read with section 469 of the Companies Act, 2013.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

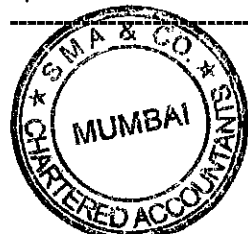
Our responsibility is to express an opinion on these financial statements based on our audit.

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

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



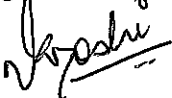
Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016; its Loss and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 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 materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as 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 A".
 - 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 are no pending ongoing litigations as at the reporting date.
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the Annexure B, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

For S M A & Co.
Chartered Accountants
Regn.No.018452C



Vimmy Doshi
Partner
Membership No. 144376



Place: Mumbai
Date: May 13, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (l) 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 Engineering and Defence Services Limited** (Formerly known as Pipavav Engineering and Defence Services Limited) ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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

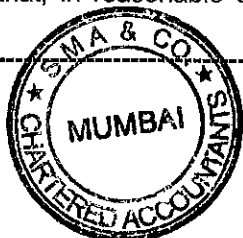
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India 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 judgement, 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



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Amitulla Villa, Bairaj Road, Tipta, Kota 324006 Rajasthan
Shop No. 3, Agrawal Dharmashala Aklera, Jhalawar 326033 Rajasthan

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 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 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 31 March 2016, 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.

For S M A & Co.

Chartered Accountants

Regn. No. 018452C



Vimmy Doshi

Partner

Membership No. 144376



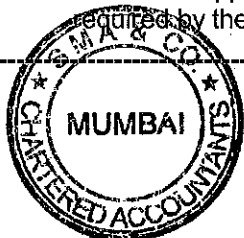
Place : Mumbai

Date : May 13, 2016

ANNEXURE –B TO INDEPENDENT AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance Engineering and Defence Services Limited** for the year ended March 31, 2016

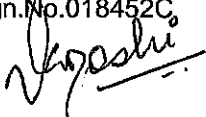
- i) The Company has no fixed assets hence clause 3(i) of the Order is not applicable.
- ii) As explained to us, there is no inventory hence clause 4(ii) of the Order is not applicable.
- iii) The Company has granted unsecured loan to a Company covered in the register maintained under section 189 of the Act.
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Company covered in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interests of the Company.
 - (b) As per the information and explanations given to us, the said loan and interest thereon was not due for repayment during the year; and
 - (c) Since the above loan and interest thereon was not due for repayment during the year, the question of overdue amounts does not arise.
- ii) According to the information and explanations given to us, the Company has no loans and investments made during the year hence clause 3(iv) of the Order is not applicable.
- iii) The Company has not accepted any deposits from the public.
- iv) According to the information given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- v)
 - (a) The Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues during the year. Further no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us there are no statutory dues pending on account of any dispute.
- vi) According to the information and explanations given to us, the Company has not taken any loans or borrowing from a financial institution, bank, Government or debenture holders during the year.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- ix) According to the information and explanations give to us, the Company has not paid/provided any managerial remuneration during the year.
- x) 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.
- xi) 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 accounting standards.



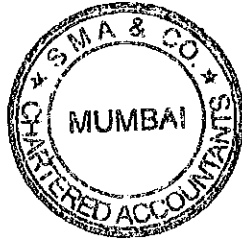
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- xii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xiii) According to the information and explanations given to us, 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 accounting standards.
- xiv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S M A & Co.
Chartered Accountants
Regn.No.018452C



Vimmy Doshi
Partner
Membership No. 144376



Place: Mumbai
Date: May 13, 2016

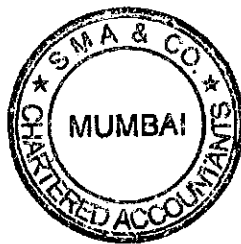
Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Balance Sheet as at 31st March 2016

Rs in Lacs

Particulars	Note	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
I ASSETS				
(1) Non Current Assets				
Financial Assets				
Non Current Loans	2	18,847.48	11,424.45	5.00
		<u>18,847.48</u>	<u>11,424.45</u>	<u>5.00</u>
Other Non Current Assets	3	270.70	45.97	-
		<u>270.70</u>	<u>45.97</u>	<u>-</u>
		19,118.18	11,470.42	5.00
(2) Current Assets				
Financial Assets				
Cash and Cash Equivalents	4	0.93	8.10	-
		<u>0.93</u>	<u>8.10</u>	<u>-</u>
		0.93	8.10	-
TOTAL		<u><u>19,119.11</u></u>	<u><u>11,478.53</u></u>	<u><u>5.00</u></u>
II EQUITY AND LIABILITIES				
(1) EQUITY				
Equity Share Capital	5	5.00	5.00	5.00
Other Equity		<u>(130.11)</u>	<u>(6.82)</u>	<u>(0.57)</u>
		(125.11)	(1.82)	4.43
(2) LIABILITIES				
Non Current Liabilities				
Financial Liabilities				
Long Term Borrowings	6	18,000.00	10,997.06	-
Current Liabilities				
Financial Liabilities				
Short Term Borrowings	7	131.33	0.16	-
Other Current Financial Liabilities	8	998.47	435.22	-
Other Current Liabilities	9	114.42	47.90	0.57
TOTAL		<u><u>19,119.11</u></u>	<u><u>11,478.53</u></u>	<u><u>5.00</u></u>



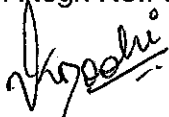
Particulars
Significant Accounting Policies
Notes to Financial Statements

Note
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2 to 19

As per our report of even date

for and on behalf of the Board of Directors

for **S M A & Co.**
Chartered Accountants
Firm Regn No.: 018452C



Vimmy Doshi
Partner
Membership No 144376

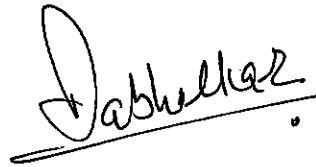
Place: Mumbai
Date : May 13, 2016



Sridhar Krishnamurthy
Director



Venkata Rachkonda
Director



Ajit Dabholkar
Director

Place: Mumbai
Date : May 13, 2016



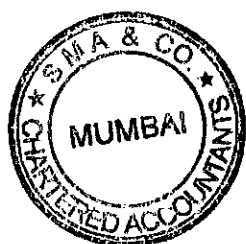
Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Statement of Profit and Loss for the year ended 31st March 2016

Rs in Lacs

Particulars	Note	for the year ended March 31, 2016	for the year ended March 31, 2015
REVENUE			
Other Income	10	2,247.27	459.71
Total Revenue		<u>2,247.27</u>	<u>459.71</u>
EXPENSES			
Finance Costs	11	2,369.44	465.62
Other Expenses	12	1.12	0.34
Total Expenses		<u>2,370.56</u>	<u>465.96</u>
Profit / (Loss) before Tax		(123.29)	(6.24)
Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) After Tax		(123.29)	(6.24)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income to be reclassified to profit and loss in subsequent year		-	-
Other Comprehensive Income not to be reclassified to profit and loss in subsequent year			
Actuarial (gains)/losses on defined benefit plans		-	-
Income Tax effect		-	-
Other Comprehensive Income for the year		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>(123.29)</u>	<u>(6.24)</u>
Earnings per Equity share of Rs. 10/- each	15		
- Basic (In Rupees)		(246.58)	(12.49)
- Diluted (In Rupees)		(246.58)	(12.49)



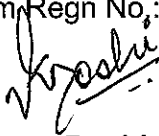
Particulars
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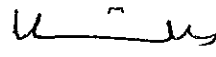
As per our report of even date

for and on behalf of the Board of Directors


for **S M A & Co.**
Chartered Accountants
Firm Regn No.: 018452C



Vimmy Doshi
Partner
Membership No 144376



Sridhar Krishnamurthy
Director



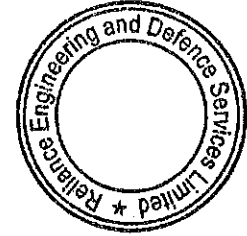
Venkata Rachkonda
Director

Place: Mumbai
Date : May 13, 2016



Ajit Dabholkar
Director

Place: Mumbai
Date : May 13, 2016



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Statement of Changes in Equity for the year ended March 31, 2016

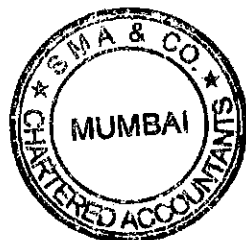
A Equity Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Amount	No of Shares	Amount
Equity shares at the beginning of the year	50,000	5.00	50,000	5.00
Add: Shares Issued during the year	-	-	-	-
Equity shares at the end of the year	50,000	5.00	50,000	5.00

B Other Equity

Particulars	Retained Earning	Total
As at 01 April, 2014	(0.57)	(0.57)
Loss for the year	(6.24)	(6.24)
As at 01 April, 2015	(6.82)	(6.82)
Loss for the year	(123.29)	(123.29)
As at 31 March, 2016	(130.11)	(130.11)

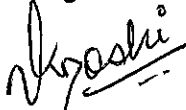
During the year, the Company has incurred losses which has resulted into erosion of the Company's net worth. The management feels that this erosion is temporary in nature and the Company's future business plans and prospects will help the Company to turn around in future, hence the Company continued to prepare its Financial Statements on going concern basis.



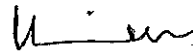
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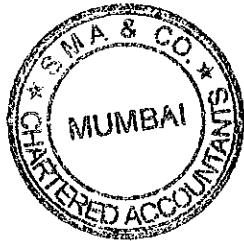


Sridhar Krishnamurthy
Director



Venkata Rachkonda
Director

Place: Mumbai
Date : May 13, 2016



Ajit Dabholkar
Director

Place: Mumbai
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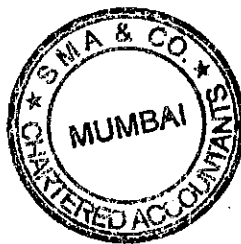


Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Cash Flow Statement for the year ended March 31, 2016

		Rs in Lacs	
Sr No	Particulars	2015 - 2016	2014 - 2015
A	Cash Flow from Operating Activities		
	Net Profit/(Loss) before Tax	(123.29)	(6.24)
	Adjustments for :-		
	Depreciation	-	-
	Interest Expenses	2,333.69	465.62
	Interest income	(2,247.27)	(459.71)
	Operating profit before working capital changes	<u>(36.87)</u>	<u>(0.34)</u>
	Adjusted for		
	Trade & Other Receivables	-	-
	Trade & Other Payables	66.52	47.49
	Cash Generated from Operations	<u>29.65</u>	<u>47.15</u>
	Direct Taxes (Paid) / Refund	(224.73)	(45.97)
	Net Cash from/(used in) Operating Activities	<u>(195.08)</u>	<u>1.18</u>
B	Cash Flow from Investing Activities		
	Interest Corporate Deposit to Fellow Subsidiary Company	(5,500.49)	(11,010.71)
	Interest Income Received from Inter Corporate Deposit	324.73	45.97
	Net Cash used in Investing Activities	<u>(5,175.77)</u>	<u>(10,964.74)</u>
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	7,110.47	11,014.00
	Repayment of Long Term Borrowings	(124.47)	-
	Short Term Borrowings (net)	131.16	-
	Finance Cost Paid	(1,753.50)	(47.34)
	Net Cash Flow from Financing Activities	<u>5,363.67</u>	<u>10,966.66</u>
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7.18)	3.10
	Cash & Cash Equivalents - Opening balance	8.10	5.00
	Cash & Cash Equivalents - Closing balance	0.93	8.10



Notes

1. The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7 - Statement of Cash flows.
2. Figures in brackets indicate outflow.
3. Previous Year figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

As per our report of even date

for and on behalf of the Board of Directors

for S M A & Co.
Chartered Accountants
Firm Regn No.: 018452C



Vimmy Doshi
Partner
Membership No 144376

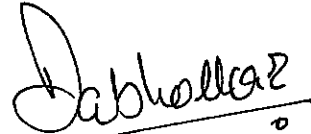
Place: Mumbai
Date : May 13, 2016



Sridhar Krishnamurthy
Director

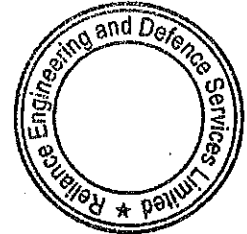


Venkata Rachkonda
Director



Ajit Dabholkar
Director

Place: Mumbai
Date : May 13, 2016



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

Note - 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a General Information

Reliance Engineering and Defence Services Limited was incorporated on June 4, 2012. The name of the Company got changed from Pipavav Engineering and Defence Services Limited during the year and fresh certificate of incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India on March 14, 2016. The Company is domiciled in India having registered office at Survey no 658, Village Ramapura II, Via- Rajula, District Amreli (Gujarat).

b Basis of Preparation of Financial Statements:

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind - AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, on the accrual basis. These Financial Statements are the Company's first Ind AS Financial Statements and as covered by Ind AS 101, 'First-time adoption of Indian Accounting Standard'. For all periods up to and including the year ended March 31, 2015, the Company has prepared its Financial Statements in accordance with Indian GAAP, including accounting standards (AS) notified under the Companies (Accounting Standards) Rules, 2006 (as amended), which is considered as "Previous GAAP". An explanation of how the transition to Ind-AS has affected the Company's equity and its net profits is provided in note no 19.

c Functional and Presentation Currency:

The Financial Statements are presented in Indian rupees which is the functional currency for the Company.

d Use of Estimates:

The preparation of Financial Statements in accordance with Ind - AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and if material, their effects are disclosed in the notes to the Financial Statements.

e Current Versus Non Current Classification:

i. The assets and liabilities in the Balance Sheet are based on current/ non - current classification. An asset as current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
 - 2 Held primarily for the purpose of trading
 - 3 Expected to be realised within twelve months after the reporting period, or
 - 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non - current.

ii A liability is current when it is:

- 1 Expected to be settled in normal operating cycle
 - 2 Held primarily for the purpose of trading
 - 3 Due to be settled within twelve months after the reporting period, or
 - 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- All other liabilities are treated as non - current.

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

f Significant Accounting Policies:

i Fair Value Measurement:

Fair value is the price that would be received to sell an assets or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an assets or liability is measured using the assumptions that market participants would use when pricing the assets or liability, acting in their best economic interest. The fair value of plant and equipments as at transition date have been taken based on valuation performed by an independent technical expert. The Company used valuation techniques which were appropriate in circumstances and for which sufficient data were available considering the expected loss/profit in case of financial assets or liabilities.

ii Revenue Recognition:

Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established. Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

iii Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

i Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss 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

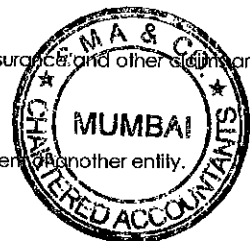
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

iii Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables.

iv Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.



Rellance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

v Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi Investment in Subsidiary and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

vii Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from other comprehensive income to profit or loss

viii Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. Debt instruments included with in the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

ix Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

x Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instrument and trade receivables.

Financial Liabilities

i Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

ii Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

iii Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as

iv Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised 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 amortisation is included as finance costs in the Statement of Profit and Loss.

v Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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.

vi Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

iv Provision for Current and Deferred Tax:

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

v Provision for Doubtful Debts and Loans and Advances:

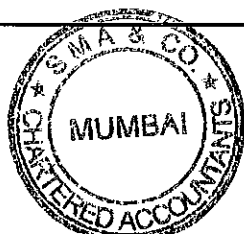
Provision is made in the accounts for doubtful debts, loans and advances in cases where the management considers the debts, loans and advances to be doubtful of recovery.

vi Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

vii Preliminary and Issue Expenses:

Preliminary Expenses related to issue of equity and equity related instruments are adjusted against the Securities Premium.



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

Note - 2

NON CURRENT LOANS

Particulars	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Infer Corporate Deposits to:			
Related Party	16,511.20	11,010.71	5.00
Interest Receivable from Related Party-Other Financial Assets	2,336.28	413.74	-
Total	18,847.48	11,424.45	5.00

2.1 Details of Infer Corporate Deposit with Related Party

Company Name	Relationship	As at March 31, 2016	As at March 31, 2015
E Complex Private Limited	Fellow Subsidiary	16,511.20	11,010.71

2.2 Details of Interest Receivable from Related Party

Company Name	Relationship	As at March 31, 2016	As at March 31, 2015
E Complex Private Limited	Fellow Subsidiary	2,336.28	413.74

Note - 3

OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Advance Taxes (net)	270.70	45.97	-
Total	270.70	45.97	-

Note - 4

CASH AND CASH EQUIVALANTS

Particulars	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Balances with Bank			
- in Current Account	0.43	7.10	-
Cash in Hand	0.50	1.00	-
Total	0.93	8.10	-

Note - 5

EQUITY SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Equity Shares			
Authorised			
50,000 (Previous Year 50,000) Equity shares of Rs. 10/- Each	5.00	5.00	5.00
Issued, Subscribed and fully paid up			
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- Each	5.00	5.00	5.00
Total	5.00	5.00	5.00

5.1 Reconciliation of Equity shares outstanding at the beginning and at the end of the year

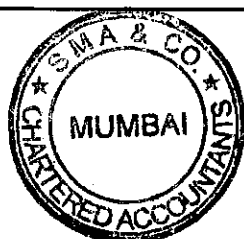
Particulars	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Rs In Lacs	No of Shares	Rs In Lacs
Equity shares at the beginning of the year	50,000.00	5.00	50,000.00	5.00
Add: Shares Issued during the year	-	-	-	-
Equity shares at the end of the year	50,000.00	5.00	50,000.00	5.00

5.2 Shareholders holding more than 5% No. of Shares

Name of the Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence and Engineering Limited - Holding Company	50,000.00	100%	50,000.00	100%

5.3 Terms and Rights attached to Equity Shares.

The Company has only one class of Equity Share having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the Equity share holders will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. The distribution will be proportionate to the number of equity share held by the shareholders.



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

Note - 6 LONG TERM BORROWINGS

Particulars	Rs in Lacs		
	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Unsecured Loans from:			
Body Corporates	18,000.00	10,997.06	-
	18,000.00	10,997.06	-

- 6.1 The Unsecured loan from body corporate aggregating to Rs. 11,000.00 Lacs is secured by way of :
- i first charge of mortgage of approximately 66 acres of land belonging to other corporates
 - ii Pledge of 2,65,00,000 fully paid up equity shares of the Holding Company & 3,200,000 fully paid up equity shares of Everon Education Limited held by SKIL Infrastructure Limited.
 - iii Irrevocable and unconditional personal guaranty of some of the directors of the Holding Company
 - iv Corporate guaranty of Holding Company, E Complex Private Limited and SKIL Infrastructure Limited.
- 6.2 The Unsecured loan from body corporate aggregating to Rs. 7000.00 Lacs is secured by way of :
- i First mortgage of property situated at Plot No. 95/1, Omer Park, Bhulabhai Desai Road, Mumbai 400026, admeasuring 7758 Sq feet and property bearing survey numbers 96, 102, 105 and 113 total admeasuring 5-50-00 hectares, situated at Village Belawade (B), Taluka Pen, District Raigad, Maharashtra belongings to other coporates.
 - ii Pledge of 3,12,68,283 fully paid up equity shares of the Holding Company, 1,17,77,880 fully paid up equity shares of SKIL Infrastructure Limited, 3,85,628 shares of Montana Infrastructure Limited and 1,950 units of Urban Infrastructure Opportunities Fund.
 - iii Irrevocable and unconditional personal guaranty of some of the directors of the Holding Company and Corporate Guarantee of SKIL Infrastructure Limited.
- 6.3 **Repayment Terms:**
Loan of Rs. 11,000 Lacs carry an interest rate of 14% p.a. payable semi annually and additional fixed interest at the time of principal repayment @ 4% compounded quarterly within 24 months & 8 % compounded quarterly within 24 months to 36 months & 10% p.a compounded quarterly above 36 months & repayable at the end of 48 Month from the date of first disbursement i.e. 30th December, 2014 and Loan of Rs. 7,000 Lacs carry an interest rate of 14% p.a. payable semi annually and additional fixed interest at the time of principal repayment @ 4% compounded quarterly within 24 months & 8 % compounded quarterly within 24 months to 36 months & 10% p.a compounded quarterly above 36 months & repayable at the end of 42 Month from the date of first disbursement i.e. 23rd December, 2015. Additional Interest have been provided @ 4% as the same will be repaid with in 24 months.

Note - 7 SHORT TERM BORROWINGS

Particulars	Rs in Lacs		
	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Loan from Holding Company	131.33	0.16	-
Total	131.33	0.16	-

Note - 8 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	Rs in Lacs		
	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Current maturities of Long term debts	-	16.94	-
Interest accrued but not due	998.47	418.28	-
Total	998.47	435.22	-

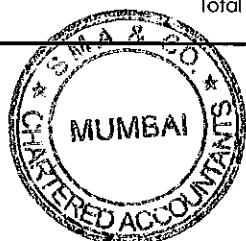
Note - 9 OTHER CURRENT LIABILITIES

Particulars	Rs in Lacs		
	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Statutory Dues	110.94	46.55	-
Other Payable*	3.48	1.35	0.57
Total	114.42	47.90	0.57

* Mainly Payable for Expenses

Note - 10 OTHER INCOME

Particulars	Rs in Lacs	
	for the year ended March 31, 2016	for the year ended March 31, 2015
Interest Income on Inter Corporate Deposit	2,247.27	459.71
Total	2,247.27	459.71



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

Note - 11
FINANCE COSTS

Particulars	Rs in Lacs	
	for the year ended March 31, 2016	for the year ended March 31, 2015
Interest Expenses	2,333.69	464.75
Other Borrowing Cost	35.75	0.87
Total	2,369.44	465.62

Note - 12
OTHER EXPENSES

Particulars	Rs in Lacs	
	for the year ended March 31, 2016	for the year ended March 31, 2015
Payment to Auditors	0.29	0.28
Bank Charges	0.02	0.01
Legal and Professional Fees	0.15	-
Processing Fees	-	0.05
Filing Fees	0.66	-
Total	1.12	0.34

12.1 Payment to Auditors

Particulars	Rs in Lacs	
	for the year ended March 31, 2016	for the year ended March 31, 2015
Audit Fee	0.29	0.28
Total	0.29	0.28

Note - 13

The Company has not commenced any commercial operations during the year.

Note - 14
RELATED PARTY DISCLOSURES

a) List of Related parties

Holding Company

Reliance Defence and Engineering Limited

Fellow Subsidiaries

E-Complex Private Limited

PDOC Pte. Ltd.

Reliance Marine and Offshore Limited

Reliance Lighter Than Air Systems Private Limited

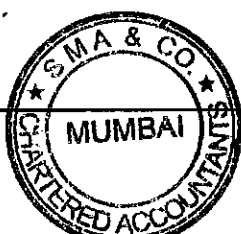
Reliance Technologies and Systems Private Limited

b) Terms and Conditions of transactions with related parties

The Transactions from related parties are made on arm's length price. Outstanding balances at the year-end are unsecured and interest have been accounted on market rate except the advances which is merely reimbursement of expenses. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

c) Transactions with related parties for the year ended March 31, 2016

Sr No	Particulars	Rs in Lacs			
		2015 - 2016		2014 - 2015	
		E Complex Private Limited	Reliance Defence and Engineering Limited	E Complex Private Limited	Reliance Defence and Engineering Limited
1) Long Term Loans & Advances					
Opening Balance		11,010.71	-	-	-
Given during the year		5,500.49	-	11,011.00	-
refund during the year		-	-	0.29	-
Closing Balance		16,511.20	-	11,010.71	-
2) Other Payables		-	131.33	-	0.16
3) Interest Income		2,247.27	-	459.71	-
4) Interest Receivable		2,336.28	-	413.74	-
5) Interest Expense		-	0.10	-	-
6) Interest accrued but not due		-	0.09	-	-



Reliance Engineering and Defence Services Limited

(formerly known as Pipavav Engineering and Defence Services Limited)

Notes to Financial Statements

Note - 15

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	2015 - 2016	2014 - 2015
Net Profit / (Loss) after Tax	(123.29)	(6.24)
Amount available for calculation of Basic and diluted EPS	(a) <u>(123.29)</u>	(a) <u>(6.24)</u>
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b) 50,000	(b) 50,000
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(a) / (b) <u>(246.58)</u>	(a) / (b) <u>(12.49)</u>

Note - 16

In the opinion of the management, Current Assets and Loans and advances are of the value stated, if realised in the ordinary course of the business.

Note - 17

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include Investment, and cash and bank balances that derive directly from its operations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Note - 18

CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Note - 19

FIRST TIME ADOPTION OF Ind-AS:

Pursuant to the Companies (Indian Accounting Standard) Rules, 2015, the Company has voluntarily adopted March 31, 2016 as reporting date for first time adoption of Indian Accounting Standard (Ind-AS) and consequently April 1, 2014 as the transition date for preparation of financial statements. The financial statements for the year ended March 31, 2016, are the first financials, prepared in accordance with Ind-AS. Upto the Financial year ended March 31, 2015, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standard) Rule, 2006. For preparing these financial statements, opening balance sheet was prepared as at April 1, 2014 i.e. the date of transition to Ind-AS. The figures for the previous periods and for the year ended March 31, 2015 have been restated, regrouped and reclassified, wherever required to comply with Ind-AS and Schedule III to the Companies Act, 2013 and to make them comparable.



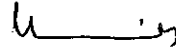
As per our report of even date

for and on behalf of the Board of Directors

for S M A & Co.
Chartered Accountants
Firm Regn No.: 018452C



Vimmy Doshi
Partner
Membership No 144376

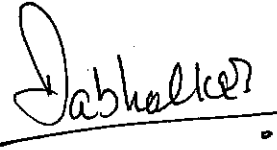


Sridhar Krishnamurthy
Director



Venkata Rachkonda
Director

Place: Mumbai
Date : May 13, 2016



Ajit Dabholkar
Director



Place: Mumbai
Date : May 13, 2016

