

Independent Auditors' Report

To The Members of
Reliance 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, 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

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

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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. 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 Ind AS financial statements.

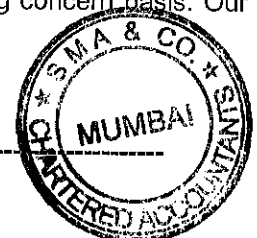
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018; its Loss, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Emphasis of matter

We draw attention to Note 18 in the Ind AS financial statements regarding accumulated losses exceeding the Net Worth of the Company and the Ind AS financial statements being prepared on going concern basis. Our opinion is not modified in this respect.



Report on Other Legal and Regulatory Requirements

1. 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 A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act.
 - 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, 2018 from being appointed as Director in terms of section 164(2) of the Act;
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - 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 ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no long-term contracts resulting in 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.

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



Manoj Sethi
Partner
Membership No.039784

Place: Mumbai
Date: April 21, 2018



ANNEXURE A TO THE 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, 2018

- i) As per the information and explanations given to us, 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.
- iv) 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.
- v) The Company has not accepted any deposits from the public.
- vi) 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.
- vii) (a) The Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, sales 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, 2018 for a period of more than six months from the date they became payable.
 - (b) There are no statutory dues pending on account of any dispute.
- viii) 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.
- xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us, 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 S M A & Co.
Chartered Accountants
Regn.No.018452C


Manoj Sethi
Partner
Membership No. 039784



Place: Mumbai
Date: April 21, 2018

ANNEXURE B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting ('Financial Controls') of **Reliance Engineering and Defence Services Limited** ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2018.

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 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 Financial Controls 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 Financial Controls are 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 Financial Controls includes obtaining an understanding of Financial Controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's Financial Controls 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 Financial Controls includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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

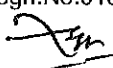
Because of the inherent limitations of Financial Controls, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Financial Controls to future periods are subject to the risk that the Financial Controls 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 Financial Controls system and such Financial Controls are operating effectively as at March 31, 2018, based on the Financial Controls 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 ICAI.

For S M A & Co.

Chartered Accountants
Regn.No.018452C


Manoj Sethi
Partner
Membership No. 039784



Place : Mumbai
Date : April 21, 2018

Reliance Engineering and Defence Services Limited

Balance Sheet as at March 31, 2018

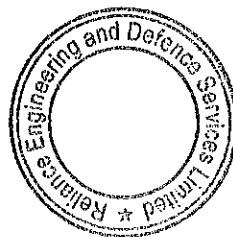
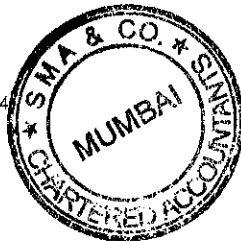
Rs in Lakhs

Particulars	Note	As at March 31, 2018	As at March 31, 2017
I ASSETS			
(1) Non Current Assets			
Financial Assets			
Loans and Advances	2	18,557.93	21,094.19
		<u>18,557.93</u>	<u>21,094.19</u>
Other Non Current Assets	3	0.25	0.25
		<u>0.25</u>	<u>0.25</u>
		18,558.18	21,094.44
(2) Current Assets			
Financial Assets			
Investments	4	74.03	301.83
Cash and Cash Equivalents	5	26.42	25.10
		<u>100.45</u>	<u>326.93</u>
Current Tax (Net)		540.69	294.21
		<u>540.69</u>	<u>294.21</u>
		641.14	621.14
TOTAL ASSETS		<u><u>19,199.32</u></u>	<u><u>21,715.58</u></u>
II EQUITY AND LIABILITIES			
(1) EQUITY			
Equity Share Capital	6	5.00	5.00
Other Equity	7	(684.27)	(287.54)
		<u>(679.27)</u>	<u>(282.54)</u>
(2) LIABILITIES			
Non Current Liabilities			
Financial Liabilities			
Borrowings	8	4,278.06	13,635.10
		<u>4,278.06</u>	<u>13,635.10</u>
		4,278.06	13,635.10
Current Liabilities			
Financial Liabilities			
Borrowings	9	12,719.31	4,741.37
Other Current Financial Liabilities	10	2,656.18	3,471.44
		<u>15,375.49</u>	<u>8,212.81</u>
Other Current Liabilities	11	225.04	150.21
		<u>225.04</u>	<u>150.21</u>
		15,600.53	8,363.02
TOTAL EQUITY & LIABILITIES		<u><u>19,199.32</u></u>	<u><u>21,715.58</u></u>
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 23		

As per our Report of even date
for S M A & Co.
Chartered Accountants
Firm Regn No.: 018452C


Manoj Sethi
Partner
Membership No 39784

Place: Mumbai
Date: April 21, 2018.



for and on behalf of the Board of Directors


Nikhil Jain
Director

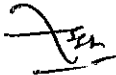

Venkat Rachkonda
Director

Reliance Engineering and Defence Services Limited

Statement of Profit and Loss for the year ended March 31, 2018

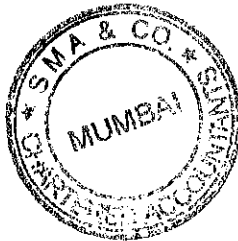
Particulars	Note	for the year ended March 31, 2018	for the year ended March 31, 2017
<i>Rs in Lakhs</i>			
REVENUE			
Revenue from Operations	12	4,338.55	4,458.69
Other Income	13	2,475.77	2,957.70
Total Revenue		6,814.32	7,416.39
EXPENSES			
Purchase of Stock - in - trade		4,353.68	4,473.30
Finance Costs	14	2,846.59	3,096.25
Other Expenses	15	10.78	4.27
Total Expenses		7,211.05	7,573.82
Profit / (Loss) before Tax		(396.73)	(157.43)
Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) After Tax		(396.73)	(157.43)
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			
Total Comprehensive Income for the year		(396.73)	(157.43)
Earnings per Equity share of Rs. 10/- each	19		
Basic (In Rupees)		(793.46)	(314.86)
Diluted (In Rupees)		(793.46)	(314.86)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 23		

As per our Report of even date
for S M A & Co.
Chartered Accountants
Firm Regn No.: 018452C



Manoj Sethi
Partner
Membership No 39784

Place: Mumbai
Date : April 21, 2018.



for and on behalf of the Board of Directors



Nikhil Jain
Director



Venkat Rachkonda
Director

Reliance Engineering and Defence Services Limited

Statement of Changes in Equity for the year ended March 31, 2018

A Equity Share Capital

Particulars	<i>Rs in Lakhs</i>			
	As at March 31, 2018		As at March 31, 2017	
	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 Assets

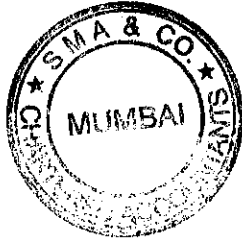
Particulars	<i>Rs in Lakhs</i>	
	Retained Earning	Total
As at April 01, 2016	(130.11)	(130.11)
Profit/(loss) for the year	(157.43)	(157.43)
As at March 31, 2017	(287.54)	(287.54)
Profit/(loss) for the year	(396.73)	(396.73)
As at March 31, 2018	(684.27)	(684.27)

As per our Report of even date
for S M A & Co.
Chartered Accountants
Firm Regn No.: 018452C



Manoj Sethi
Partner
Membership No 39784

Place: Mumbai
Date: April 21, 2018.



for and on behalf of the Board of Directors



Nilesh Jain
Director



Venkat Rachkonda
Director

Reliance Engineering and Defence Services Limited

Cash flow statement for the year ended March 31, 2018

Sr No	Particulars	2017 - 2018	2016 - 2017
<i>Rs in Lakhs</i>			
A	Cash Flow from Operating Activities		
	Net Profit/Loss before Tax	(396.73)	(157.43)
	Adjustments for :-		
	Finance Cost	2,846.59	3,096.24
	Interest Income	(2,464.81)	(2,942.08)
	Dividend income	(10.96)	(1.83)
	Operating profit before working capital changes	<u>(25.91)</u>	<u>(5.09)</u>
	Adjusted for		
	Trade & Other Receivables	-	(0.25)
	Trade & Other Payables	74.83	36.04
	Cash Generated from Operations	<u>48.92</u>	<u>30.70</u>
	Direct Taxes (Paid) / Refund	(246.48)	(23.76)
	Net Cash from Operating Activities	<u>(197.56)</u>	<u>6.94</u>
B	Cash Flow from Investing Activities		
	Purchase of investment	(2,784.99)	(600.00)
	Sale of investment	3,023.75	300.00
	Inter Corporate Deposit to Fellow Subsidiary Company	4,754.59	401.17
	Interest Income Received from Inter Corporate Deposit	246.48	294.20
	Net Cash from Investing Activities	<u>5,239.83</u>	<u>395.37</u>
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings		
	Repayment of Long Term Borrowings	(1,533.32)	(4,364.90)
	Short Term Borrowings (net)	154.22	4,610.04
	Finance Cost Paid	(3,661.85)	(623.28)
	Net Cash Flow from Financing Activities	<u>(5,040.95)</u>	<u>(378.14)</u>
	Net Increase / (decrease) in cash and cash equivalents (A+B+C)	1.32	24.17
	Cash & Cash Equivalents - Opening balance	25.10	0.93
	Cash & Cash Equivalents - Closing balance	26.42	25.10

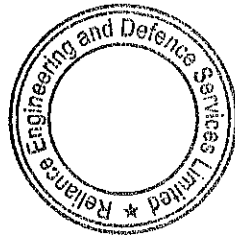
- Notes:
- (1) The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7 - Statement of Cash flows .
 - (2) Figures in brackets indicate outflow.
 - (3) Previous Year figures have been regrouped / rearranged / recasted wherever necessary to make them comparable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

As per our Report of even date
for **S M A & Co.**
Chartered Accountants
Firm Regn No.: 018452C

for and on behalf of the Board of Directors


Manoj Sethi
Partner
Membership No 39784

Place: Mumbai
Date : April 21, 2018.




Nikhil Jain
Director


Venkat Rachkonda
Director

Reliance Engineering and Defence Services Limited

Notes to Financial Statements

Note - 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I 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).

II Basis of Preparation of Financial Statements:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act. Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

III Functional and Presentation Currency:

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is group's functional and presentation currency.

IV 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.

V 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 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.
- 5 All other assets are classified as non-current.

ii A liability is current when:

- 1 It is expected to be settled in normal operating cycle
- 2 It is held primarily for the purpose of trading
- 3 It is 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.
- 5 All other liabilities are treated as non-current.

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

VI 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.

VII REVENUE RECOGNITION:

- i Revenue from operation include sale of goods and Shown as net of returns, trade discount & value added taxes:
- ii Revenue is recognised when the amount of revenue can be measured reliably and no significant uncertainty exist as to its ultimate collection.
- iii Interest income is recognised on a time proportion basis.

VIII Investments:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Non Current investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

IX 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.

Financials Assets

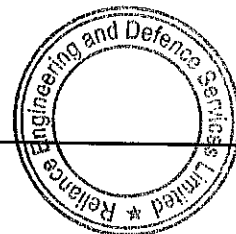
i Initial recognition and measurement

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.

ii Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1 at amortised cost
- 2 at fair value through other comprehensive income (FVTOCI)
- 3 at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income FVTOCI



Reliance Engineering and Defence Services Limited

Notes to Financial Statements

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

1 Financial Assets measured at fair value through other comprehensive income:

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.

2 Financial Assets measured at fair value through profit or loss:

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.

3 Investment in Equity Instruments:

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

4 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.

Financials Liabilities

I 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.

ii 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 effective hedging instruments.

iii Loan and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the 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.

iv 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 or loss.

I BORROWING COSTS:

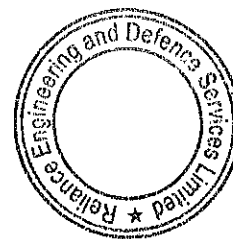
Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consist of interest, other cost incurred in connection with borrowings of fund and exchnage differenes to the extent regarded an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

J PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax are recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rate and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

k 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.



Reliance Engineering and Defence Services Limited

Notes to Financial Statements

Note - 2

LOANS AND ADVANCES

(Unsecured and Considered Good)

Particulars	As at March 31, 2018		As at March 31, 2017	
			<i>Rs in Lakhs</i>	
Inter Corporate Deposits to:				
Related Party (Refer Note No. 16)		11,355.44		16,110.03
Interest Receivable from Related Party - Other Financial Assets		7,202.49		4,984.16
Total		18,557.93		21,094.19

2.1 Details of Inter Corporate Deposit with Related Party

Company Name	Relationship	As at March 31, 2018		As at March 31, 2017	
				<i>Rs in Lakhs</i>	
E Complex Private Limited	Fellow Subsidiary		11,355.44		16,110.03

2.2 Details of Interest Receivable from Related Party

Company Name	Relationship	As at March 31, 2018		As at March 31, 2017	
				<i>Rs in Lakhs</i>	
E Complex Private Limited	Fellow Subsidiary		7,202.49		4,984.16

Note - 3

OTHER NON CURRENT ASSETS

(Unsecured Considered Good)

Particulars	As at March 31, 2018		As at March 31, 2017	
			<i>Rs in Lakhs</i>	
Deposit		0.25		0.25
Total		0.25		0.25

Note - 4

CURRENT INVESTMENT

Particulars	Face Value (Rs.)	As at March 31, 2018		As at March 31, 2017	
		Numbers	Amount	Numbers	Amount
In Unit of Mutual Funds- Unquoted					
Reliance Liquid Fund-Treasury Plan	₹ 1,529.30	4,840.80	74.03	19,743.68	301.83
Total			74.03		301.83

Note - 5

CASH AND CASH EQUIVALANTS

Particulars	As at March 31, 2018		As at March 31, 2017	
			<i>Rs in Lakhs</i>	
Balances with Bank				
- in Current Account		26.42		25.10
Cash in Hand		-		-
Total		26.42		25.10

Note - 6

EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017	
			<i>Rs in Lakhs</i>	
Equity Shares				
Authorised				
50,000 (Previous Year 50,000) Equity shares of Rs. 10/- Each		5.00		5.00
Issued, Subscribed and Paid up				
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- Each fully paid up		5.00		5.00
Total		5.00		5.00

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

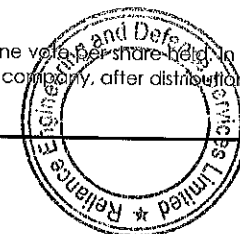
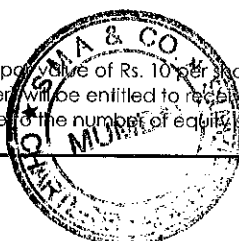
Particulars	As at March 31, 2018		As at March 31, 2017	
	No of Shares	Rs in Lakhs	No of Shares	Rs in Lakhs
Equity shares at the beginning of the year	50,000.00	5.00	50,000.00	5.00
Add: Shares Issued during the year	-	-	-	-
Equity shares at the end of the year	50,000.00	5.00	50,000.00	5.00

6.2 Shareholders holding more than 5% No. of Shares / Holding Company

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

6.3 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 holder 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

Notes to Financial Statements

Note - 8 LONG TERM BORROWINGS

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2018	As at March 31, 2017
Unsecured Loans from:		
Body Corporate	4,278.06	13,635.10
	4,278.06	13,635.10

- 8.1 The Unsecured loan from body corporate 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 2,326,087 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.
- 8.2 **Repayment Terms:**
The unsecured loan from body corporated is repayable in four equal installment at the end of 30 months, 36 months, 42 months and 48 months from the date of sanction i.e October 6, 2017
- 8.3 As on March 31, 2018 the Company has Overdue of Rs. Nil and Rs. 145.04 lakhs (Previous Year: Rs.6635.10 and Rs.1637.82 lakhs) towards Principal and Interest respectively.

Note - 9 SHORT TERM BORROWINGS

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2018	As at March 31, 2017
Unsecured Loans from:		
Related Parties (Refer note no 17)	154.22	-
Body Corporates	12,565.09	4,741.37
Total	12,719.31	4,741.37

- 9.1 The Unsecured loan from body corporate of Rs 4,813.80 lakhs is secured by way of :
- i first charge of mortgage of approximately 66 acres of land belonging to other corporates
 - ii Pledge of 6,254,178 fully paid up equity share of Holding Company held by SKIL Infrastructure Limited
 - iii Irrevocable and unconditional personal guaranty of erstwhile directors of the Holding Company
 - iv Corporate guaranty of Holding Company, E Complex Private Limited and SKIL Infrastructure Limited.
- 9.2 As on March 31, 2018 the Company has Overdue of Rs. 4,813.80 lakhs and Rs. 1,085.99 lakhs towards Principal and Interest respectively which is due for more than 90 days

Note - 10 OTHER CURRENT FINANCIAL LIABILITIES

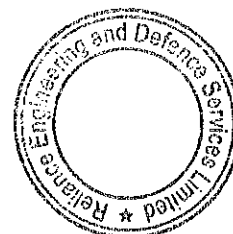
Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2018	As at March 31, 2017
Interest accrued and due	1,231.03	1,637.82
Interest accrued but not due	1,425.15	1,833.62
Total	2,656.18	3,471.44

Note - 11 OTHER CURRENT LIABILITIES

Particulars	<i>Rs in Lakhs</i>	
	As at March 31, 2018	As at March 31, 2017
Statutory Dues	220.32	145.58
Creditors for Expenses	1.29	-
Other Payables	3.43	4.63
Total	225.04	150.21

Note - 12 Revenue from Operations

Particulars	<i>Rs in Lakhs</i>	
	for the year ended March 31, 2018	for the year ended March 31, 2017
Sale of Stock -in-trade(Gold)	4,338.55	4,458.69
Total	4,338.55	4,458.69



Reliance Engineering and Defence Services Limited

Notes to Financial Statements

Note - 13 OTHER INCOME

Particulars	for the year ended March 31, 2018	<i>Rs in Lakhs</i> for the year ended March 31, 2017
Interest on Inter Corporate Deposit	2,464.81	2,942.08
Interest on Income Tax Refund	-	13.79
Dividend Income	10.96	1.83
Total	2,475.77	2,957.70

Note - 14 FINANCE COSTS

Particulars	for the year ended March 31, 2018	<i>Rs in Lakhs</i> for the year ended March 31, 2017
Interest Expenses	2,846.59	3,095.10
Other Borrowing Cost	-	1.15
Total	2,846.59	3,096.25

Note - 15 OTHER EXPENSES

Particulars	for the year ended March 31, 2018	<i>Rs in Lakhs</i> for the year ended March 31, 2017
Payment to Auditors	0.30	0.35
Bank Charges	0.02	0.01
Processing Fees	2.87	-
Legal and Professional Fees	0.25	-
Stamp duty & Registration fees	-	0.05
Interest on TDS	6.55	2.95
Filing Fees	-	0.22
Director Sitting Fees	0.79	-
Miscellaneous Exp.	-	0.69
Total	10.78	4.27

15.1 Payment to Auditors

Particulars	for the year ended March 31, 2018	<i>Rs in Lakhs</i> for the year ended March 31, 2017
Audit Fee	0.30	0.35
Total	0.30	0.35

Note - 16 RELATED PARTY DISCLOSURES

a) List of Related parties

Holding Company

Reliance Naval and Engineering Limited (formerly 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

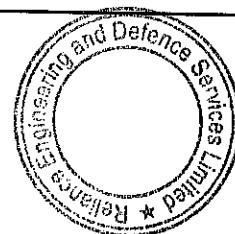
Other Related Party

Reliance Infrastructure Limited

Skil Infrastructure Limited (up to March 16, 2018)

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.



Reliance Engineering and Defence Services Limited

Notes to Financial Statements

c) Transactions with related parties for the year ended March 31, 2018

Sr No	Particulars	<i>Rs in Lakhs</i>					
		2017-18			2016-17		
		Reliance Infrastructure Limited	E Complex Private Limited	Reliance Naval and Engineering Limited	SKIL Infrastructure Limited	E Complex Private Limited	Reliance Naval and Engineering Limited
1) Long Term Loans & Advances							
Opening Balance		16,110.02			16,511.20		
Given during the year					-		
refund during the year		4,754.58			401.18		
Closing Balance		11,355.44			16,110.02		
2) Borrowings							
Opening Balance			227.59			131.33	
Received during the year	150.00			4,513.78		96.26	
Repaid during the year			223.37				
Closing Balance	150.00		4.22	4,513.78		227.59	
3) Interest Income		2,464.81			2,942.08		
4) Interest Receivable		7,202.49			4,984.16		
5) Interest Expenses	2.78		15.94	265.19		26.93	
6) Interest accrued but not due	2.50		0.27	492.91		24.24	

During the year SKIL Infrastructure Limited ceased to be a related party of the Company. Interest expenses of Rs 891.23 lakhs (P.Y.: 265.19 lakhs) has been provided on Loan taken for the period of relationship exist.

Note - 17

Segment Reporting

The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged only in the business of trading of Gold. As such, there are no separate reportable segments. Further all the operations of the Company are predominantly conducted within India, as such there are no separate reportable geographical segments. Revenue from Operation is only from One Customer.

Note - 18

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.

Note - 19

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	<i>Rs in Lakhs</i>		
		for the year ended March 31, 2018	for the year ended March 31, 2017
Net Profit / (Loss) after Tax	(a)	(396.73)	(157.43)
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>(793.46)</u>	(a) / (b) <u>(314.86)</u>

Note - 20

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 - 21

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

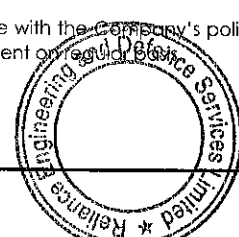
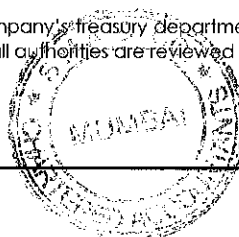
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating 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.



Reliance Engineering and Defence Services Limited

Notes to Financial Statements

Note - 22

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 - 23

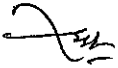
Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our Report of even date

for **S M A & Co.**

Chartered Accountants

Firm Regn No.: 018452C



Manoj Sethi

Partner

Membership No 39784

Place: Mumbai

Date : April 21, 2018.

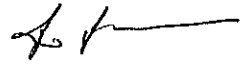


for and on behalf of the Board of Directors



Nikhil Jain

Director



Venkat Rachkonda

Director