



Reliance Naval and Engineering Limited
(Formerly Reliance Defence and Engineering Limited/
Pipavav Defence and Offshore Engineering Company
Limited)

Reliance Centre, Off Western Express Highway,
Santa Cruz (East) Mumbai 400 055

Tel: +91 22 3303 8000, Fax: +91 22 3303 8662
www.reliancedefence.co

CIN: L35110GJ1997PLC033193

September 12, 2017

The General Manager
Corporate Relationship Department
BSE Limited

Phiroze Jeejeeboy Towers,
Dalal Street,
Mumbai - 400 001

BSE Scrip Code: 533107

The Manager

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,

Plot No. C/1, G Block,

Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051

NSE Symbol: RDEL

Dear Sirs

Sub: Submission of Annual Report for F.Y 2016-17

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the Annual Report of the Company for the Financial Year 2016-17 for your reference and record. Please note that the 20th Annual General Meeting of the Company was held on August 22, 2017.

Kindly take the same on record.

Thanking you.

Yours faithfully,

For Reliance Naval and Engineering Limited

Ajit Dabholkar

Corporate Counsel & Company Secretary

Encl: As above

RELIANCE

Defence and Engineering

**Annual Report
2016-17**



**Padma Vibhushan
Shri Dhirubhai H. Ambani**

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

Profile

Reliance Defence and Engineering Limited (RDEL) (formerly Pipavav Defence and Offshore Engineering Company Limited) has the largest engineering infrastructure in India and is one of the largest in the world. RDEL is the first private sector company in India to obtain the licence and contract to build warships.

RDEL operates India's largest integrated shipbuilding facility with 662M x 65M Dry dock. The facility houses the only modular shipbuilding facility with a capacity to build fully fabricated and outfitted blocks. The fabrication facility is spread over 2.1 million sq.ft. The Shipyard has a pre-erection berth of 980 meters length and 40 meters width, and two Goliath Cranes with combined lifting capacity of 1,200 tonnes, besides outfitting berths length of 780 meters.

Mission

- Meet and exceed customer expectations with a collaborative approach
- Consistently enhance competitiveness and deliver profitable growth
- Adopt global best practices and create a culture of quality to be the Industry leader
- Achieve excellence in project execution in maritime domain ensuring quality, reliability, safety and operational efficiency
- Relentlessly pursue new opportunities and technologies
- Encourage ideas, talent and value systems
- Promote a work culture that fosters learning, individual growth and team building
- Practice high standards of corporate governance and be a financially sound organization
- Earn the trust and confidence of stakeholders, exceeding their expectations
- Be a partner in nation building and contribute towards the country's economic growth

Letter to Shareowners



My dear fellow Shareowners,

It gives me great pleasure to share with you highlights of our Company's performance during 2016-17.

It is the plan of the Hon'ble Prime Minister, Shri Narendra Modiji to transform India from the world's top weapons buyer into an arms exporter. We all at Reliance Defence, are committed to make our humble contribution to achieve this significant national objective. India has topped the Stockholm International Peace Research Institute's list of the largest defence importers for the last seven years. About 70 per cent of India's defence purchases are through imports.

The Company has made significant progress during the year towards improving the operational performance and is fully geared to capitalize on its growth aspirations by winning contracts for front-line Naval vessels and vessels of Indian Coast Guard.

Our Company is an integral part of the Reliance Group. The Reliance Group is amongst India's leading business houses with a 8 million strong shareholder base. We have a strong presence across wide array of high growth, consumer facing businesses of telecom, financial services, power, infrastructure and defence. Our Company embodies values and commitments of the Reliance Group and is able to leverage the brand equity and other resources of the Reliance Group. We are committed to further and faster growth of the Company as an important member of the Reliance family.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every five Indians, every single day. This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve. We shall strive to make Reliance Defence and Engineering Limited a world-class defence Company, benchmarked to international standards of quality, operational performance, efficiency and customer orientation, to meet the uncompromising standards that our Defence forces need.

Performance Review

The Company is India's leading private sector defence company with gross non-current assets as on March 31, 2017 of ₹ 965,935 lakh against ₹ 937,898 lakh a year before. During the financial year 2016-17, the Company reported aggregate revenue of about ₹ 56,414 lakh against ₹ 34,627 lakh in the previous year, an increase of 38.62 per cent, and incurred a loss of ₹ 52,343 lakh as compared to loss of ₹ 52,865 lakh in the previous year.

During the year under review, our Company signed the Sub-Concession agreement with Gujarat Maritime Board for a period of 30 years expiring in June 2046. The Ministry of Defence has

carried out a detailed financial and technical capabilities study of our Company (also known as Shipyard Assessment).

During the year, our Company signed contracts of approximate value of ₹ 916 crore for construction of 14 Fast Patrol Vessels for the Indian Coast Guard. Our Company has also submitted bids for construction of eight Anti Submarine Warfare Shallow Water Crafts ('ASWSWC') for the Indian Navy and for four Landing Platform Docks (LPDs). Combined value of these two projects is approximately ₹ 28,000 to 30,000 crore.

In a significant development our Company was qualified by U. S. Navy as an approved contractor to perform complex repair and alternation services for the U.S. Navy's Seventh Fleet vessels operating in the region and signed the Master Ship Repair Agreement ('MSRA') with U. S. Navy. Our Company is the first shipyard in India to have received MSRA certification to undertake servicing and repairing works for the vessels of the U. S. Navy (Seventh Fleet).

Our Company's shipyard at Pipavav, Gujarat, has integrated state-of-the-art production facilities. After acquisition of the Company, there has been a substantial increase in pace towards delivery of Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The vessels are being constructed in two batches of two to three vessels each to enable simultaneous deliveries. The two NOPVs in the first batch will be launched in the first half of financial year 2017-18.

Industry and Business Opportunities

Under the "Make in India" mission, the defence sector has been opened for private sector participation which will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business opportunities. Besides helping build domestic capabilities, this will bolster exports in the long term. Our Company is uniquely placed to tap these growth opportunities.

Shipyards controlled and / or managed by Defence Public Sector Units ('DPSUs') need complementary support from the Private Sector Shipyards to fulfill requirement of the Indian Navy. Apart from the requirements of the Indian Armed forces, the defence market in South-East Asia will also likely to provide growth opportunities in the coming years.

Currently, shipyards owned by Public Sector Undertakings ('DPSU') have orders worth ₹ 1,80,000 Crores. DPSU's will take several years to deliver the vessels already on their order book. The Government, considering this fact, has decided to optimally utilize the private sector capacity to augment and complement

Letter to Shareowners

the DPSU capacity. 'Strategic Partnership' model provides much awaited framework to achieve this objective.

'Strategic Partnership' framework / model of DPP-2016 provides a very large opportunities to the Indian private sector industry. Strategic Partnership model aims to rope in leading private players for production of major military platforms in the country. The government is all set to roll out the process for a ₹ 60,000-crore Conventional Diesel- Electric submarines programme to be built under P-751 project for the Indian Navy. It is set to be the first defence acquisition project to be launched under the ambitious 'Strategic Partnership' model.

In addition, to these big tickets strategic naval platforms, several new projects of the Indian Navy including Survey Training Vessels, Seven Next Generation Missile Corvettes, Next Generation missile Vessels are also expected in near future.

In the non-defence sector, new commercial shipbuilding and the Hydro-carbon Exploration and Production ('E&P') assets segment, both in India and in South-East Asia region, present another opportunity to our Company to expand its business. The Government of India has approved new Shipbuilding Financial Assistance Policy for Indian shipyards. This will provide them a level playing field vis-à-vis foreign shipyards. Financial assistance at the rate 20 percentage of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, will be made available to Indian shipyards. All government departments or agencies are required to provide 'Right of First Refusal' to Indian shipyards for procurement or repair of vessels which are to be utilized for government purposes. This is welcome news for Indian shipyards.

Huge capacity exists in the private sector Indian shipyards for construction of new vessels and for carrying out repairs and refits. This capacity may be utilised by Defence Public Sector Undertakings ('DPSUs') through joint ventures / partnerships to speed up delivery of vessels to the Indian Navy / Coast Guard in order to synergies private infrastructure and modern production processes with the technical capabilities of DPSUs. We are in consultation with the Indian Navy Production and Acquisition wing for achieving this objective.

Corporate Governance

Our Company has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

We are committed to enhancing scale, competitiveness, efficiency and productivity of our businesses, benchmarked to global standards of excellence, which shall be a discipline to be pursued at all levels in our Company. Our projects require substantial use of natural resources such as land, water and minerals. We take adequate care in designing of our projects in a manner that ensure optimum utilization of natural resources. The interests of all stakeholders have always been our prime focus.

Our Commitment

Our founder, the legendary Padma Vibhushan Shri Dhirubhai H Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision.

Thank you, shareowners, for your continued support in our pursuit of achieving positive transformation for our Company.



Anil Dhirubhai Ambani
Chairman

Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the members of **Reliance Defence and Engineering Limited** will be held on Tuesday, August 22, 2017 at 11.00 A.M. at Pipavav Port, Post Ucchahiya, Via-Rajula, Dist. Amreli, 365 560, Gujarat to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a. the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors' thereon, and;
 - b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Auditors thereon.
2. To appoint a Director in place of Shri Nikhil Gandhi (DIN: 00030560), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the Auditor and in this regard, to consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), ('the Act') the appointment of M/s. Pathak H.D.& Associates, Chartered Accountants (Firm Registration No.107783W), who have been appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting for a term of five consecutive years till the conclusion of the 23rd Annual General Meeting, and who have confirmed their eligibility for the appointment pursuant to Section 141 of the Act, be and is hereby ratified."

Special Business:

4. Appointment of Shri S. Seth as Non-Executive Director

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act'), and other applicable provisions of law, and the Article of Association of the Company Shri S. Seth (DIN:00004631), who was appointed as an Additional Director by the Board of Directors of the Company pursuant to the provisions of Section 161 of the Act and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment along with requisite deposit, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be

deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution."

5. Appointment of Cmde. (Retd.) Kartik Subramaniam as Whole-Time Director

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act'), and other applicable provisions of the law, and Article of Association of the Company, Cmde (Retd.) Kartik Subramaniam (DIN: 01957227), who was appointed as an Additional Director by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee of the Board of Directors and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 160 of the Act proposing his candidature for appointment along with the requisite deposit, be and is hereby appointed as a Director of the Company liable to retire by rotation."

RESOLVED FURTHER THAT in accordance with the recommendations of the Nomination and Remuneration Committee of the Board of Directors and pursuant to the provisions of Sections 196,197,198 and 203 of the Act read with Schedule V and all other applicable provisions, if any, of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company and subject to the approval of Central Government and/or other authorities, as may be necessary, approval of the Members of the Company be and is hereby accorded to the appointment of Cmde. (Retd.) Kartik Subramaniam (DIN: 01957227) as Whole-Time Director of the Company, for a period of 3 (three) years commencing from April 11, 2017, on the terms and conditions including remuneration as setout in the Statement annexed to the notice convening this meeting with liberty to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute, to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit such that the remuneration payable to him shall not exceed the limits specified in the Act read with Schedule V as amended thereto;

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company is authorized to pay said remuneration as minimum remuneration to Cmde (Retd.) Kartik Subramaniam (DIN: 01957227) as Whole-time Director and CEO for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from April 11, 2017 to April 10, 2020.

Notice

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

6. To change the name of the Company

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 13, 14 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act') and subject to the approvals, consents, sanctions and permissions of the Central Government / stock exchange(s) / appropriate authorities / departments or bodies as may be necessary, the approval of the Members of the Company be and is hereby accorded for changing the name of the Company from "Reliance Defence and Engineering Limited" to "Reliance Naval and Engineering Limited" and consequently the new name "Reliance Naval

and Engineering Limited" shall appear in the Memorandum and Articles of Association of the Company, wherever the present name "Reliance Defence and Engineering Limited" is appearing.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Sd/-

Ajit Dabholkar

Corporate Counsel & Company Secretary

Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to items of Special Business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself, and the proxy need not be a Member of the Company. The instrument appointing the proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member.
4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company, a duly certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office and Corporate Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.
9. The Company's Register of Members and Transfer Books will remain closed from Wednesday, August 16, 2017 to Tuesday, August 22, 2017 (both days inclusive) for the purpose of the Meeting.
10. For security reasons, no gadgets, mobile phones, cameras, article / baggage shall be allowed at the venue of the Meeting. If any such gadgets are brought by any Member, the same shall be deposited with the security personnel at the risk of such Member / attendee.
11. Members desiring any information relating to financial statements of the Company are requested to write to the Company Secretary of the Company at least seven working days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

Notice

12. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
13. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.
14. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement; and
 - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank, if not furnished earlier.
15. Re-appointment of Director:

At the ensuing Annual General Meeting, Shri Nikhil Gandhi, Director of the Company retires by rotation under the provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment. The details pertaining to Shri Nikhil Gandhi pursuant to the requirements of Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), are furnished in the Corporate Governance Report forming part of this Annual Report.

16. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
17. Members are requested to fill in and submit online the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancedefence.co to aid the Company in its constant endeavors to enhance the standards of service to investors.
18. The Statement containing the salient features of the balance sheet, the statement of profit and loss, cash flow statement and Auditors' Report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market.

Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
20. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their

nomination in the prescribed Form SH13 duly filled in to Karvy Computershare Private Limited (Unit: Reliance Defence and Engineering Limited) Karvy Selenium, Tower-B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032, or call on Tel.: +91 40 6716 1500, Fax: +91 40 6716 1791, Toll Free no. (India): 1800 4250 999, or e-mail: ris.rdel@karvy.com.

The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participants directly for recording their nomination.

21. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.
22. Members who have not registered their e-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communication from the Company electronically.
23. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated July 21, 2017 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. August 15, 2017 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10.00 A.M. on August 18, 2017 to 5.00 P.M. on August 21, 2017. Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.

The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting, but shall not be entitled to cast their votes again at the Meeting.

The Board of Directors have appointed Shri Devesh Mehta of M/s Devesh Mehta & Associates, Practicing Company Secretaries (CP No. 16649 and Membership No 45544) or any other Partner or associate of the said firm as Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company.

Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.reliancedefence.co and posted on the website of Karvy Computershare Private Limited.

Notice

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated July 21, 2017

Item No. 4: Appointment of Shri S. Seth as Non-executive Director

Pursuant to the recommendation by the Nomination and Remuneration Committee, provisions of Section 161 of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, the Board had on September 12, 2016, appointed Shri S.Seth as Additional Director of the Company.

As an Additional Director, Shri S Seth holds office only up to the date of the ensuing Annual General Meeting of the Company in terms of the provisions of the Act.

Shri S Seth had given his consent for the appointment and had also confirmed that he is not in any way disqualified from the appointment in terms of the provisions of Section 164 of the Act. He will be liable to retire by rotation during the above tenure of his appointment.

The details pertaining to Shri S Seth, pursuant to the requirements of Regulation 36(3) of the Listing Regulations and Clause 1.2.5 of Secretarial Standard are furnished in the report on Corporate Governance forming part of this Annual Report.

The Company has received a notice in writing from a member of the Company along with deposit of requisite amount for proposing the candidature of Shri S Seth for the office of Director of the Company under Section 160 of the Act.

In terms of provisions of Section 152 and other applicable provisions, if any, of the Act read with rules made there under, the appointment of director would require approval of members by way of Ordinary Resolution.

The Board accordingly recommends the Ordinary Resolution set out at Item No. 4 of the accompanying notice for the approval of the Members.

The relatives of Shri S Seth may be deemed to be interested in the resolution set out in item no. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Shri S Seth is not related to any other director or Key Managerial Personnel of the Company.

Save and except Shri S Seth, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

Item No. 5: Appointment of Cmde (Retd) Kartik Subramaniam as Whole-time Director

Cmde (Retd) Kartik Subramaniam has joined the Company as Chief Executive Officer and Key Managerial Personnel with effect from April 1, 2017.

Pursuant to the recommendation by the Nomination and Remuneration Committee, provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made thereunder including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force ("the Act") and the Articles of Association of the Company, the Board of Directors of the Company at its meeting held on April 11, 2017, appointed Cmde (Retd) Kartik Subramaniam as an Additional Director and has elevated him to the position

of Whole-time Director of the Company, for a period of three years with effect from April 11, 2017, subject to the approval of Members.

The Board of Directors has also approved the remuneration payable to Cmde (Retd) Kartik Subramaniam on recommendation of the Nomination and Remuneration Committee.

Cmde (Retd) Kartik Subramaniam has given his consent for the appointment and has also confirmed that he is not in any way disqualified from the appointment as per the provisions of Section 164 of the Act.

The Company has received a notice in writing from a member of the Company along with deposit of requisite amount under Section 160 of the Act proposing the candidature of Cmde (Retd) Kartik Subramaniam for the office of Director of the Company.

As an Additional Director Cmde (Retd) Kartik Subramaniam holds office only up to the date of the ensuing Annual General Meeting as per the provisions of the Act.

The Company has undergone Corporate Debt Restructuring during the year 2014-15. The Company does not have adequate profit within the meaning of Section 198 of the Act and accordingly the proposed remuneration of Cmde (Retd) Kartik Subramaniam is as per provisions of Section II of Part II of Schedule V of the Act.

In view of the overdue amount payable to Banks / financial institutions, it is deemed appropriate to seek approval of the shareholders vide special resolution and of the Central Government, if required in terms of Schedule V of the Act read with Section 197, 198 and other relevant provisions of the Act.

Broad particulars of the terms of appointment of and remuneration payable to Cmde (Retd) Kartik Subramaniam are as under:

(a) Salary, Perquisites and Allowances per annum:

Salary, Perquisites and Allowances	: ₹ 75,00,000 p.a.
Performance Linked Incentive	: ₹ 25,00,000 p.a.
Retention Bonus	: ₹ 15,00,000 p.a.

In addition to the perquisites and allowances, as aforesaid, medical insurance will be taken by the Company for Cmde (Retd) Kartik Subramaniam and his family members. Any other perquisites and allowances shall be with the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. Cmde (Retd) Kartik Subramaniam shall also be eligible to an annual increment not exceeding 25% on the last drawn salary, perquisites and allowances during his tenure as Whole-time Director.

(b) Exempt Perquisites:

The Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the

Notice

Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

(c) Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging including for spouse and attendant(s) during business trips, any medical assistance provided including his family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

Cmde (Retd.) Kartik Subramaniam satisfies all the conditions set out in Part I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment.

The above may be treated as a written memorandum setting out the terms of appointment of Cmde Kartik (Retd.) Subramaniam under Section 190 of the Act.

The other Information as required under Section II of Part II of Schedule V of the Companies Act, 2013 is given below:

I. GENERAL INFORMATION:					
i	Nature of Industry	Defence / Commercial Shipbuilding and Ship repairs			
ii	Date of commencement of commercial production	April 1, 2009			
iii.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus applicable	Not applicable			
iv.	Financial performance based on given indicators	₹ in crore			
		Particulars	2016-17	2015-16	2014-15
		Total Income	564.14	346.27	862.08
		PBT	(706.23)	(803.58)	(548.16)
		PAT	(523.43)	(528.65)	(341.14)
	Networth	1170.48	1694.61	2,221.89	
v.	Foreign investments or collaborators, if any	The Company has made investment in PDOC Pte. Limited an overseas subsidiary. The Company has a wide spectrum of international strategic alliances in various domains of defence technologies			
II. INFORMATION ABOUT THE APPOINTEE:					
i.	Background details	<ol style="list-style-type: none"> 1. Cmde (Retd) Kartik Subramaniam age, 62 years has expertise in strategic planning, execution of multiple Naval Projects, capacity expansion and infrastructure development. He has had a distinguished 29 years service in the Indian Navy. He is a BE – Mechanical and M.Sc. in Defence Studies. He has undergone a specialization Course in Marine Engineering, during his career with the Indian Navy. 2. Cmde Kartik Subramaniam (Retd.) served afloat in number of war vessels and served in the Naval Dockyards at Vishakhapatnam and Mumbai. His major appointments were Jt. Director – Naval Design at Naval HQ; Director (Technical) – Project Seabird; Command Refit Officer and Command Engineering Officer in HQ, Western Naval Command. 			
ii.	Past remuneration	NIL, since he is being appointed for the first time as Whole-time Director and CEO by the Company.			
iii.	Recognition or awards	For distinguished service with the Navy, Cmde (Retd) Kartik Subramaniam was awarded the NaoSena Medal.			
iv.	Job Profile and his suitability	Cmde (Retd) Kartik Subramaniam expertise in strategic planning and execution of multiple naval projects; innovation and technology absorption, capacity expansion and infrastructure development will enable the Company to realize its goal of creating India's foremost defence company, with an emphasis on the 'Make in India' program initiated by the Hon'ble Prime Minister of India, thereby creating sustainable long term value for all stakeholders.			

Reliance Defence and Engineering Limited

Notice

		Post serving in the Indian Navy, Cmde (Retd). Subramaniam was appointed as Director (Operations) at Cochin Shipyard Ltd. ("CSL") and thereafter appointed as its Chairman and Managing Director. His tenure at CSL of over 8 years saw the construction and launching of the first Indigenous Aircraft carrier exceeding contractual obligations, delivery of Fast Patrol Vessels to the Indian Coast Guard ahead of contractual schedule, increased turnover and profits.
v.	Remuneration proposed	The remuneration proposed is as per details given hereinabove.
vi.	Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The proposed remuneration is commensurate with the prevailing remuneration in the industry of similar size for similarly placed persons.
vii.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any.	Cmde (Retd) Kartik Subramaniam has no pecuniary relationship directly or indirectly with the Company or its key managerial personnel other than his remuneration in the capacity of a Whole-time Director and CEO.
III.	OTHER INFORMATION:	
i.	Reasons of loss or inadequate profits	<ul style="list-style-type: none"> ● Global Economy slowdown; ● Slack in demand in global commercial shipbuilding industry; ● Sharply reduced crude oil prices which in turn resulted in significant cut in capital expenditures by major oil and gas companies; ● Volatile and challenging business environment for maritime world; ● Pressure on pricing; and ● High Interest rates.
ii.	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> ● The Company will remain committed to generating superior returns for its stakeholders, by optimizing product-mix; ● The Company would continue to drive growth which has emerged due to opening of strategic defence sector for private sector participation; ● The Company with in-house capabilities has stepped into indigenization of defence ship design as well as 3D modeling; ● Grant of various defence licences for manufacturing of various defence equipments / systems; ● The Company has / and is in process of converting its loans into long term instruments like Equity Shares, 0.10% Compulsorily Redeemable Preference Shares, which will result in substantial reduction in the interest cost.
iii.	Expected increase in productivity and profit in measurable terms	Though the Defence / Commercial Shipbuilding and Ship repairs Industry is following a downturn, in anticipation of revival of the market in the near future due to "Make in India" programme of Government of India, the above steps taken/proposed to be taken by the Company are expected to increase the productivity and profits of the Company.

(d) General

The Whole-time Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Board.

The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

The Whole-time Director shall adhere to the Company's Code of Conduct.

The office of the Whole-time Director may be terminated by the Company or by him by giving the 3 months' prior notice in writing.

Notice

Cmde (Retd) Kartik Subramaniam is not a Director/Committee Member in any other listed Company apart from the Company. He does not hold any share in the Company. He is Member of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

Cmde (Retd) Kartik Subramaniam is not related to any other Director and Key Managerial Personnel of the Company.

The relatives of Cmde (Retd) Kartik Subramaniam may be deemed to be interested in the resolution set out in item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

The statement may also be regarded as a disclosure under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board accordingly recommends the Special Resolution set out at Item No.5 of the accompanying notice for the approval of the Members.

Save and except the above, Cmde (Retd) Kartik Subramaniam, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at Item No. 5 of the Notice.

Item No. 6: To change the name of the Company

The Company is engaged in the business of construction, repair, refit and refurbishment of various Naval Vessels for Indian Navy and Indian Coast Guard along with the Commercial Shipbuilding. The Company is the first private sector Company to receive (a) license for construction of naval vessels and (b) order for construction of five Naval Offshore Petrol Vessels ('NOPV') from the Indian Navy.

To fully and correctly reflect the business, it intends to change the name of the Company from 'Reliance Defence and Engineering Limited' to 'Reliance Naval and Engineering Limited'.

The Registrar of Companies, Gujarat, Dadra and Nagar Haveli has confirmed the availability of this new name to the Company. The Stock Exchanges where the Equity Shares of the Company are listed viz. BSE Limited and National Stock Exchange of India Limited vide their letters respectively dated July 10, 2017 and July 11, 2017 have granted in-principle approval for change of name of the Company to 'Reliance Naval and Engineering Limited'.

The Board of Directors of the Company has granted its approval for change of name of the Company to 'Reliance Naval and Engineering Limited', subject to the approval of the members.

In terms of provisions of Sections 13, 14 and all other applicable provisions of the Companies Act, 2013 read with the rules made there under, change in the name of the Company requires approval of members by way of Special Resolution.

The Board accordingly recommends the Special Resolution set out at Item No. 6 of the accompanying notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 except to the extent of their shareholding, if any.

By Order of the Board of Directors

Sd/-

Ajit Dabholkar
Corporate Counsel & Company Secretary

Registered Office:
Pipavav Port, Post Ucchajiya,
Via-Rajula, Dist. Amreli, Pin 365 560,
Gujarat, India
CIN: L35110GJ1997PLC033193
Website: www.reliancedefence.co

July 21, 2017

Reliance Defence and Engineering Limited

Directors' Report

Dear Shareowners,

Your Directors present the 20th Annual Report and the audited financial statements for the financial year ended March 31, 2017.

Financial Results

The financial performance of the Company, on standalone basis, for the year ended March 31, 2017 is summarised below:

Particulars	(₹ in lakh)	
	Financial year ended March 31, 2017	Financial year ended March 31, 2016
Total Income	56,414.44	34,627.48
Profit / (Loss) before taxation	(70,622.72)	(80,358.19)
Tax expenses (Net) (including deferred tax and tax for earlier years)	(18,280.15)	(27,493.47)
Profit / (Loss) after taxation	(52,342.57)	(52,864.72)
Other Comprehensive Income	(70.32)	136.68
Add: Balance of profit/(loss) brought forward	(82,533.93)	(29,805.89)
Balance carried to Balance Sheet	(1,34,946.82)	(82,533.93)

Financial Performance and Business Operations

During the financial year under review, your Company earned an income of ₹ 56,414.44 lakh against ₹ 34,627.48 lakh in the previous year. The Company incurred a loss after tax of ₹ 52,342.57 lakh for the year as compared to ₹ 52,864.72 lakh in the previous year.

During the year under review, the Authorised Capital of the Company of ₹ 15,000 Crore has been re-classified into 1100 crore Equity Shares of ₹ 10/- each and 400 crore Preference Shares of ₹ 10/- fully paid-up.

During the year under review, our Company signed the Sub-Concession Agreement with Gujarat Maritime Board for a period of 30 years expiring in June 2046. The Ministry of Defence has carried out a detailed financial and technical capabilities study of our Company (also known as Shipyard Assessment).

During the year, our Company signed contracts of approximate value of ₹ 916 crore for construction of 14 Fast Patrol Vessels for the Indian Coast Guard. Our Company has also submitted bids for construction of eight Anti Submarine Warfare Shallow Water Crafts ('ASWSWC') for the Indian Navy and for four Landing Platform Docks ('LPDs'). Combined value of these two projects is approximately ₹ 28,000 to 30,000 crore.

In a significant development our Company was qualified by U.S. Navy as an approved contractor to perform complex repair and alternation services for the U.S. Navy's seventh fleet vessels operating in the region and signed the Master Ship Repair Agreement ('MSRA') with U.S. Navy. Our Company is the first shipyard in India to have received MSRA certification to undertake servicing and repairing works for the vessels of the U.S. Navy (Seventh fleet).

Our Company's shipyard at Pipavav, Gujarat, has integrated state-of-the-art production facilities. During the year under review, there has been a substantial increase in pace towards delivery of Naval Offshore Patrol Vessels ('NOPVs') for the Indian Navy. The vessels are being constructed in two batches of two and three vessels each to maximize utilization of our large dry dock and enable quicker deliveries. The two NOPVs in the first batch will be launched in the first half of financial year 2017-18.

The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company.

Dividend

During the year under review, the Board of Directors has not recommended dividend on the equity shares of the Company.

Debt Refinancing

Due to long gestation period of large scale infrastructure created by our Company and non-availability of timely working capital, etc. severely impacted the operations of our Company. Our Company had availed various secured credit facilities from the banks and financial institutions (the "Lenders"). As on March 31, 2017, our Company's outstanding borrowings were ₹ 875,319.38 lakh. The erstwhile promoters and the management of the Company had requested the Lenders to restructure the outstanding debts of our Company under the Corporate Debt Restructuring Scheme ("CDR Scheme") in accordance with the guidelines stipulated by the Reserve Bank of India. However, your Company, post acquisition by Reliance Group proposed a Refinancing Scheme to CDR Lenders and Non-CDR Lenders with the objective of refinancing the outstanding loans provided by Lenders and exit the CDR Scheme. The Company is in the process of completing the formalities of issuing various securities as per the Refinancing Scheme. The Company will issue Equity Shares, 0.10% Compulsorily Redeemable Preference Shares and Secured, Unlisted, Non-Convertible Debentures to the lenders as part of refinancing Scheme.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is presented in a separate section forming part of this Annual Report.

Deposits

The Company has not accepted any deposits from the public which comes within the purview of Section 73 of the Companies

Directors' Report

Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Investments

Pursuant to Section 186 of the Act, details of the Investments made by the Company are provided in the standalone financial statements under Note no. 3 & 7.

Subsidiary and Associate Companies

The financial performance of each of the subsidiaries and associate companies as per the Act is provided in the consolidated financial statements.

The Company's Policy for determining material subsidiaries may also be accessed on the Company's website at the link: http://www.reliancedefence.co/corporate_governance.html.

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2017, based on the financial statements received from subsidiary and associate Companies, as approved by their respective Board of Directors, have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 on 'Consolidated Financial Statements' and Ind AS 28 on 'Accounting for Investments in Associates and Joint Ventures' notified under the Act, read with the Accounting Standards Rules as applicable.

Directors

During the year under review, Shri S Seth was nominated as an Additional Non-Executive Director with effect from September 12, 2016, on the Company's Board by the promoters of the Company in place of Shri Amitabh Jhunjhunwala, Non Executive Director. Shri S. Seth will hold office upto the conclusion of the ensuing Annual General Meeting ('AGM').

IDBI Bank Limited ("The Bank") nominated Shri Ajoy Nath Jha with effect from November 28, 2016 on the Board of the Company in place of Shri Ajay Sharma.

Vice Admiral H S Malhi, Whole-time Director superannuated from the Company and as such relinquished the office of Whole-time Director with effect from April 11, 2017. The Board of Directors of the Company at its meeting held on April 11, 2017, appointed Cmde (Retd) Kartik Subramaniam as an Additional Director and has elevated him to the position of Whole-time Director of the Company, for a period of three years with effect from April 11, 2017. The appointment and the remuneration payable to Cmde (Retd) Kartik Subramaniam during the tenure of appointment are subject to the approval of the members at the ensuing AGM.

The Company has received a notice in writing from a member along with the requisite deposit under Section 160 of the Act, proposing the candidature of Shri S Seth and Cmde (Retd) Kartik Subramaniam for the office of Director of the Company. The Nomination and Remuneration Committee of the Board, has also recommended the appointment of Shri S Seth and Cmde (Retd) Kartik Subramaniam, as Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at the link http://www.reliancedefence.co/corporate_governance.html

In accordance with the provisions of the Act, Shri Nikhil Gandhi, Non-Executive Director retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting.

The Board places on record its appreciation of valuable contribution made by Shri Amitabh Jhunjhunwala and Vice Admiral (Retd) H. S. Malhi during their tenure as a Director of the Company.

Particulars of Directors proposed to be appointed

Pursuant to the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a brief resume of Shri S. Seth, Cmde (Retd) Kartik Subramaniam and Shri Nikhil Gandhi, who are proposed to be appointed at the ensuing AGM as above, along with the information regarding the nature of their expertise in specific functional areas and names of the companies in which they hold directorship and / or membership / chairmanship of Committees of the respective Boards, shareholding of Directors and relationship between Directors, inter se, is given in the section on Corporate Governance Report forming part of this Annual Report.

Key Managerial Personnel

Shri Madan Pendse was appointed as the Chief Financial Officer of the Company and designated as the Key Managerial Personnel (KMP) by the Board with effect from October 17, 2016.

Cmde (Retd) Kartik Subramaniam has joined the Company as Chief Executive Officer and Key Managerial Personnel with effect from April 1, 2017.

Shri Sridhar Krishnamurthy, Chief Financial Officer and Vice Admiral (Retd.) H S Malhi, Whole-time Director and CEO have ceased to be Key Managerial Personnel ("KMP") of the Company with effect from October 15, 2016 and April 1, 2017 respectively.

Evaluation of Directors, Board and Committees

The Board has devised a policy for performance evaluation of its individual directors, the Board and the Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of Section 178(2) the Act read with rules made thereunder and Regulation 17(10) of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of processes, and information provided to the Board, etc.

The evaluation process inter-alia considers attendance of Directors at Board and Committee meetings, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmark established by global peers etc.

Directors' Report

The Board carried out annual performance evaluation of the Board, Board Committees and Individual Directors, internally. The performance of each committee was evaluated by the Board based on report on evaluation received from respective Board Committees.

A separate meeting of the Independent Directors was also held during the year for evaluation of the performance of non-independent directors, performance of the Board as a whole and that of the Chairman.

The Nomination and Remuneration Committee has also reviewed the performance of the individual directors based on their knowledge, level of preparation and effective participation in Meetings, understanding of their roles as directors, etc.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website. The policy on the above is attached as Annexure-A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual financial statements for the financial year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statements for the financial year ended March 31, 2017, on a 'going concern' basis;
- v. The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into/by the Company during the financial year under review with related

parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

During the year, the Company had not entered in to any contract/ arrangement/transaction with related parties which could be considered material in accordance with the policy of Company on materiality of related party transaction.

All Related Party Transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: http://www.reliancedefence.co/corporate_governance. Your Directors draw attention of the members to Note No. 16 to the Standalone Abridged Financial Statements which sets out Related Party Disclosures pursuant to Ind AS.

Material Changes and Commitments if any, affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of the Company.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were held, details of which are given in the Corporate Governance Report.

Audit Committee

The Audit Committee of Board consisted of Independent Directors namely Shri Rajendra P. Chitale, Chairman, Ms Ryna Karani, Shri Ajai Vikram Singh and Non-Independent Director, Vice Admiral (Retd.) H S Malhi as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Vice Admiral (Retd.) H S Malhi has ceased to be member of the committee with effect from April 11, 2017 being the date on which he superannuated from the Company. Cmde (Retd) Kartik Subramaniam, Whole Time Director and CEO was appointed as a member of the Committee with effect from April 11, 2017.

Auditors and Auditor's Report

At the 18th Annual General Meeting of the Company held on September 30, 2015 the Members of the Company had appointed M/s. Pathak H. D. & Associates, Chartered Accountants as Auditors to hold office until the conclusion of the 23rd Annual General Meeting of the Company. Pursuant to Section 139 of the Companies Act 2013, the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants as auditors of the Company is being placed for ratification of members at ensuing AGM of the Company.

Directors' Report

The Company has also received letter from M/s. Pathak H.D. & Associates, Chartered Accountants, to ratify their appointment and the appointment, if ratified, is within the prescribed limits under Section 141(3) of the Act and that they are not disqualified from appointment as Statutory Auditors of the Company.

Your Directors have therefore recommended ratification of the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants as Statutory Auditors of the Company.

The observations and comments given by the Auditors in their report read together with notes on financial statements are self explanatory and hence do not call for any further comments under Section 134 of the Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Ashita Kaul & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report.

The Secretarial Audit Report for the financial year ended March 31, 2017 is attached as Annexure – B.

Extract of Annual Return

Extract of the Annual Return of the Company in form MGT-9 is attached as Annexure – C.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting and any member interested in obtaining the same may write to the Company Secretary. Upon such request, the information shall be furnished.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are provided in Annexure – D.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as required to be disclosed in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in Annexure – E forming part of this Report.

Corporate Governance

The Company has adopted 'Reliance Group – Corporate Governance Policies and Code of Conduct' which sets out the

systems, processes and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with para C of Schedule V of the Listing Regulations is presented in a separate section forming part of this Annual Report.

A certificate from the Auditors of the Company, M/s. Pathak H. D. & Associates, Chartered Accountants, conforming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V to the Listing Regulations is enclosed to this Report.

Vigil Mechanism / Whistle Blower Policy

In accordance with Section 177 of the Act and Listing Regulations, the Company has formulated a Vigil Mechanism, which also incorporated Whistle Blower Policy of the Company to address the genuine concerns, if any, of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website at the link: http://www.reliancedefence.co/corporate_governance.html.

Risk Management

The Company continues to have a Risk Management Committee consisting of majority of independent directors, however, the mandatory provisions of listing regulations are not applicable to the Company. The details of the Committee and its terms of reference, etc. are set out in the Corporate Governance Report forming part of this Report.

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhances Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level as also separately for business segment. The risks are assessed for each project and mitigation measures are initiated both at the project as well as the corporate level.

Compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review no such complaints were received.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy ('CSR policy') indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link: http://www.reliancedefence.co/corporate_governance.html.

Directors' Report

The CSR Committee of the Board consisted of Shri Rahul Sarin as Chairman, Ms C R Gayathri, Ms. Ryna Karani and Vice Admiral (Retd) H S Malhi, Directors as members as on March 31, 2017. Vice Admiral (Retd) H S Malhi has ceased to be member of the committee with effect from April 11, 2017 on his superannuation from the Company. The Board has appointed Cmde (Retd) Kartik Subramaniam as a member of the Committee with effect from April 11, 2017. The disclosures with respect to Corporate Social Responsibility activities are given as Annexure - F.

Order, if any, passed by the Regulators or Courts or Tribunals.

No orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls with reference to financial statements across the organization. The same are subject to review periodically by the internal auditors and by the Audit Committee for its effectiveness. During the year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

Business Responsibility Report

Business Responsibility Report for the year under review as stipulated under Listing Regulations is presented in the separate section forming part of this Annual Report.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, bankers, financial institutions, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Director

Whole-time Director

Place: Mumbai

Date : April 11, 2017

Policy on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees

1.0 Objective

1.1 The remuneration policy aims at achieving the following specific objectives:

- 1.1.1 To attract highly competent talent to sustain and grow the Company's business;
- 1.1.2 To build a high performance culture by aligning individual performance with business objectives and infusing performance differentiation;
- 1.1.3 To motivate and retain high performers and critical talent at all levels

2.0 Scope and Coverage

2.1 Remuneration policy covers Directors, Key Managerial Persons (KMPs) and on-roll employees of Reliance Defence and Engineering Limited and its Subsidiaries who are categorized into Top Management Cadre (TMC) and Senior Management Cadre (SMC).

3.0 Policy

3.1 Non-Executive Directors:

The Non executive directors may be paid sitting fees for attending the meetings of the Board and of Committees of which they may be members, and commission within regulatory limits approved by the shareholders. The commission for respective financial year to be recommended by the Nomination and Remuneration Committee and approved by the Board.

3.2 Key Managerial Personnel and Senior Management

- 3.2.1 Remuneration i.e. Cost-to-Company (CTC) consists of two broad components; Fixed and Variable.
- 3.2.2 Fixed portion comprises Base pay and Choice pay components.
- 3.2.3 Base Pay includes Basic Pay and Contribution towards Retiral Benefits.
- 3.2.4 Choice Pay includes basket of allowances, which executive has the flexibility to choose from based on his individual needs and tax planning.

3.2.5 Variable pay termed as Performance Linked Incentive (PLI) comprises a pre- determined amount, the payout of which is based on the composite score achieved by Individual and Business during the relevant performance year.

3.2.6 Annual Increment is linked to individual performance ratings and is also guided by business performance, Macro-economic indicators, Industry/business outlook, etc.

3.2.7 Individual and Business performance is assessed through a robust annual performance appraisal process, the key features of which are as follows:

- Formulation of well articulated Business-wise AOP
- Setting of Individual KRAs and KPIs in alignment with Business AOP
- Online process for goal setting, self evaluation and assessment by managers
- Normalisation of individual ratings as per prescribed norms
- Business Performance evaluation with higher emphasis on achievement against key financial and project completion parameters

4.0 Retention Features as part of Compensation Package

- 4.1 Based on the organizational need for retaining high performing/critical executives, certain retention features may be rolled out from time to time as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), etc.
- 4.2 While attracting talent in critical positions also such retention features could be incorporated as part of the compensation package.

5.0 Modification/Amendment:

- 5.1 This policy shall be reviewed periodically based on benchmarking / business requirement / industry relevance.

Form No. MR-3
Secretarial Audit Report
for the financial year ended March 31, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
RELIANCE DEFENCE AND ENGINEERING LIMITED
(Formerly known as Pipavav Defence and
Offshore Engineering Company Limited)
Pipavav Shipyard Limited
Pipavav Port, Post Ucchayi,
Via Rajula, District Amreli
Gujarat-365560

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Reliance Defence and Engineering Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Reliance Defence and Engineering Limited for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Shares Based Employee Benefit)Regulation, 2014(Not applicable to the Company during the Audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfers Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not Applicable to the Company during the Audit Period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and
- (i) Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015.

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by the Institute of Company Secretaries of India.
- The Listing Agreements entered into by the Company with the Stock Exchange Viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines as applicable mentioned above.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Directors' Report

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of meetings of the Board of Directors and Committee of the Board accordingly.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Ashita Kaul & Associates
Company Secretaries
Proprietor
FCS 6988/ CP 6529**

Place: Mumbai

Date: April 07, 2017

Reliance Defence and Engineering Limited

Directors' Report

Annexure – C

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as at the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

CIN	L35110GJ1997PLC033193
Registration Date	October 17, 1997
Name of the Company	Reliance Defence and Engineering Limited
Category/Sub-Category of the Company	Public Company/Limited by Shares
Address of the Registered Office and contact details	Pipavav Port, Post Uchchaia, Via Rajula, Dist. Amreli, Gujarat 365 560 Tel : +91 2794 305000 Fax : +91 2794 305100 Email : rdel.investors@relianceada .com Website : www.reliancedefence.co
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited (Unit: Reliance Defence and Engineering Limited) Karvy Selenium, Tower – B, Plot No. 31 & 32 Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda Hyderabad 500 032. Tel. : +91 40 6716 1500 Fax : +91 40 6716 1791 Toll Free No. : 1800 4250 999 E-mail : ris.rdel@karvy.com

II. Principal Business Activities of the Company

All the Business Activities contributing 10 per cent or more of the total turnover of the Company shall be stated:

Name and Description of main Product/Services	NIC Code of the Products/Services	Per cent to total turnover of the Company
Ship Building and Fabrication	30-301	100.00

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	E Complex Private Limited Survey No. 658, Village Rampara- II, TalukaRajula, District Amreli, Gujarat - 365 560	U63000GJ1995PTC026113	Subsidiary	100	2(87)
2	Reliance Marine and Offshore Limited Survey No. 658, Village Rampara- II, TalukaRajula and Village Lunsapur, Talukajafraabad, Amreli, Gujarat - 365 560	U35100GJ2012PLC070568	Subsidiary	100	2(87)
3	Reliance Lighter than Air Systems Private Limited Survey No. 658, Village Rampara- II, TalukaRajula, District Amreli, Gujarat - 365 560	U29241GJ2013PTC077604	Subsidiary	100	2(87)
4	Reliance Engineering and Defence Services Limited Survey No. 658, Village Rampara- II, TalukaRajula and Village Lunsapur, Talukajafraabad, Amreli, Gujarat - 365 560	U29219GJ2012PLC070565	Subsidiary	100	2(87)
5	Reliance Technologies and Systems Private Limited 502, 91/94 , Prabhat Colony Santa Cruz (East) Mumbai Mumbai City MH 400055	U29248MH2013PTC247148	Subsidiary	100	2(87)
6	PDOC Pte. Ltd. Add: 79 Robinson Road #16-01 CPF Building Singapore (068897)	201221932N	Subsidiary	100	2(87)
7	Conceptia Software Technologies Private Limited No. 22, 100 Feet Ring Road, 6th Block, 3rd Phase, Banashankari 3rd stage, Bangalore, Karnataka - 560085.	U72900KA2004PTC034151	Associate	25.50	2(6)

Directors' Report

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoters									
1. Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	22,01,03,025		22,01,03,025	29.90	22,64,53,025	0	22,64,53,025	30.76	0.86
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	22,01,03,025		22,01,03,025	29.90	22,64,53,025	0	22,64,53,025	30.76	0.86
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A) (1)+(A)(2)	22,01,03,025		22,01,03,025	29.90	22,64,53,025	0	22,64,53,025	30.76	0.86
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	3,050		3,050	0.00	0	0	0	0.00	0.00
b) Banks/FI	1,41,83,297		1,41,83,297	1.93	1,44,04,522	0	1,44,04,522	1.96	0.03
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	5,84,65,899		5,84,65,899	7.94	5,84,65,899	0	5,84,65,899	7.94	0.00
g) Foreign Institutional Investors	3,20,46,044		3,20,46,044	4.35	3,37,35,230	0	3,37,35,230	4.58	0.23
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
NBFCs	17,20,030		17,20,030	0.23	0		0	0.00	-0.23
Sub-Total (B)(1):	10,64,18,320		10,64,18,320	14.45	10,66,05,651	0	10,66,05,651	14.48	0.03
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	32,09,69,190		32,09,69,190	43.60	28,85,35,801	0	28,85,35,801	39.19	-4.41
ii) Overseas	3,39,00,000		3,39,00,000	4.60	3,39,00,000	0	3,39,00,000	4.60	0.00
b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	4,63,61,589	7,161,	4,63,68,750	6.30	5,35,99,326	0	5,35,99,326	7.28	0.98
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	46,07,251		46,07,251	0.63	2,13,02,193	6596	2,13,08,789	2.89	2.26
c) Others (specify)									
i) Non Resident Indians	15,23,273		15,23,273	0.21	24,12,527		24,12,527	0.33	0.12
ii) Clearing Members/ Clearing House	23,12,660		23,12,660	0.31	33,88,450		33,88,450	0.46	0.15

Reliance Defence and Engineering Limited

Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
iii) Trusts	3800		3800	0.00	2700		2,700	0.00	0.00
iv) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
v) Foreign Portfolio Investor (corporate)	-	-	-	-	-	-	-	-	-
vi) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	40,96,77,763	7,161	40,96,84,924	55.65	40,31,40,997	6596	40,31,47,593	54.76	-0.89
Total Public Shareholding (B) = (B) (1)+(B)(2)	51,60,96,083	7,161	51,61,03,244	70.10	50,97,46,648	6596	50,97,53,244	69.24	-0.86
C. Non Promoters Non Public									
(1) Shares held by Custodian for GDRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	73,61,99,108	7161	73,62,06,269	100	73,61,99,673	6,596	73,62,06,269	100.00	0.00

(ii) Change in Promoters' Shareholding (please specify, if there is no change)

Shareholding at the beginning of the year -	Shareholding at the beginning of the year (April 1, 2016)			Cumulative Shareholding during the year	
	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Reliance Defence Systems Private Limited	01/04/2016	22,01,03,025	29.90		
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	24/03/2017	63,50,000	0.86	22,64,53,025	30.76
At the end of the year				22,64,53,025	30.76

(iv) Shareholding Pattern of the Top Ten shareholders (other than Directors, Promoters and Holders of GDRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 01, 2016)		Increase/Decrease No. of Shares	Shareholding at the end of the year (March 31, 2017)	
		No of Shares	% of total shares of the Company		No of Shares	% of total shares of the Company
1	SKIL Infrastructure Ltd.	18,12,03,128	24.61	-1,36,66,192	16,75,36,936	22.76
2	Life Insurance Corporation of India	5,84,65,899	7.94	0	5,84,65,899	7.94
3	IL & FS Maritime Infrastructure Limited.	5,31,10,674	7.21	0	5,31,10,674	7.21
4	Morgan Stanley Mauritius Company Limited	0	0	2,46,45,726	2,46,45,726	3.35
5	Grevek Investment & Finance Pvt Ltd	2,23,49,494	3.04	0	2,23,49,494	3.04
6	IL & FS Financial Services Ltd	2,05,26,560	2.79	0	2,05,26,560	2.79
7	Sembcorp Marine Ltd	1,75,00,000	2.38	0	1,75,00,000	2.38
8	Valiant Mauritius Patners FDI limited	1,64,00,000	2.23	0	1,64,00,000	2.23
9	Export- Import Bank of India	1,30,28,000	1.77	0	1,30,28,000	1.77
10	IL & FS Financial Services Ltd	0	0	50,75,694	50,75,694	0.69
11	Religare Finvest Ltd	1,00,17,066	1.36	-50,47,687	49,69,379	0.67
12	Valient Maurities Partners Offshore Limited	1,26,07,697	1.71	-1,26,07,697	0	0
13	Valient Maurities Partners Limited	1,03,15,389	1.4	-1,03,15,389	0	0

Note: The date wise increase/decrease in shareholding of the top ten shareholders is available on the 'Investor Relations' section of the website of the Company www.reliancedefence.co.in

Directors' Report

iv) Shareholding of Directors and Key Managerial Personnel (KMPs)

1. Shri Bhavesh Gandhi, Non-Executive Director of the Company, held 68,300 (0.03%) equity shares at the beginning and end of the year.
2. The Key Managerial Personnel of the Company, Vice Admiral (Retd.) H S Malhi, Whole-time Director and Chief Executive Officer and Shri Sridhar Krishnamurthy did not hold any shares at the beginning and end of the year. Shri Ajit Dabholkar, Corporate Counsel & Company Secretary of the Company held 8,001 (0.00%) equity shares at the beginning of the year and 2 (0.00%) equity shares at the end of the year. Shri Madan Pendse, Chief Financial Officer of the Company held Nil (0.00%) equity shares at the beginning of the year and 100 (0.00%) equity shares at the end of the year.

V. INDEBTNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,67,915	97,831	0	7,65,746
ii) Interest due but not paid	4,403			4,403
iii) Interest accrued but not due	905	2,951		3,856
Total (i+ii+iii)	6,73,223	1,00,782	0	7,74,005
Change in Indebtedness during the financial year				
* Addition	66,643	1,04,955		1,71,598
* Reduction	-42,392	-1,189		-43,581
Net Change	24,251	1,03,766	0	1,28,017
Indebtedness at the end of the financial year				
i) Principal Amount	6,82,033	1,93,287		8,75,319
ii) Interest due but not paid	11,060			11,060
iii) Interest accrued but not due	4,381	11,261		15,642
Total (i+ii+iii)	6,97,474	2,04,548	0	9,02,021

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

Sr. No.	Particulars of Remuneration	Name of Managing Director, Whole-time Director (WTD), Manager Vice Admiral (Retd) H S Malhi (WTD & CEO)
1	Gross Salary	
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	98,95,984
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,60,000
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as per cent of profit	-
	- others	-
5	Others, please specify	18,993
	Superannuation (Gratuity)	
	Provident Fund	4,28,929
	Total (A)	1,07,03,906
	Ceiling as per the Act (Refer Note)	

Note: The Company has made application to Central Government for approval to pay the above remuneration to Vice Admiral (Retd) H. S. Malhi, which is under process.

Reliance Defence and Engineering Limited

Directors' Report

Remuneration to other directors:

Sr. No.	Name of Directors	Particulars of Remuneration			Total Amount (Amount in lakh)
		Fee for attending board / committee Meetings (Amount in lakh)	Commission	Others, please specify	
I. Independent Directors (IDs)					
1.	Air Chief Marshal (Retd.) Fali Homi Major	2.00	-	-	2.00
2.	Shri Ajai Vikram Singh	3.60	-	-	3.60
3.	Ms. C R Gayathri	2.40	-	-	2.40
4.	Lt. Gen. (Retd) Syed Ata Hasnain	2.40	-	-	2.40
5.	Shri Rahul Sarin	2.40	-	-	2.40
6.	Shri Rajendra P. Chitale	3.20	-	-	3.20
7.	Ms. Ryna Karani	6.80	-	-	6.80
Total (A)		22.80	-	-	22.80
II. Other Non-Executive Directors (NEDs) / Non-Independent Directors (NIDs)					
1.	Shri Anil Ambani	2.40	-	-	2.40
2.	Shri Amitabh Jhunjhunwala*	Nil	-	-	Nil
3.	Shri S Seth**	1.60	-	-	1.60
4.	Shri Nikhil Gandhi	0.80	-	-	0.80
5.	Shri Bhavesh Gandhi	2.00	-	-	2.00
6.	Shri Ajay Sharma***	1.20	-	-	1.20
7.	Shri Ajoy Nath Jha***	0.40	-	-	0.40
8.	Ms. Padmaja Bhaskaran****	2.00	-	-	2.00
Total (B)		10.40	-	-	10.40
Total (A + B)		33.20	-	-	33.20

* Shri Amitabh Jhunjhunwala has ceased to be a director of the Company with effect from September 12, 2016. Leave of absence was granted to him for the meetings dated April 22, 2016, May 14, 2016 and September 10, 2016 held during the year as requested by him.

** Shri S Seth has been appointed as an Additional Director of the Company with effect from September 12, 2016.

*** Shri Ajoy Nath Jha has been appointed as a Nominee Director of IDBI Bank on the Company's Board with effect from November 28, 2016 in place of Shri Ajay Sharma who ceased to be Nominee Director with effect from November 28, 2016. The Sitting Fees for attending meetings were paid to IDBI Bank as they are/were nominees of IDBI.

****The Sitting Fees for attending meetings were paid to LIC of India.

Directors' Report

B. Remuneration to Key Managerial Personnel other than Managing Director, Whole-time Director and Manager

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO Shri Sridhar Krishnamurthy (till October 15, 2016)	CFO Shri Madan Pendse (from (October 17, 2016 to March 31, 2017)	Company Secretary Shri Ajit Dabholkar
1	Gross Salary (a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961	79,94,471	9,73,454	89,11,030
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961			-
2	Stock Option		-	-
3	Sweat Equity	-	-	-
4	Commission - as per cent of profit - others	-	-	-
5	Superannuation (Gratuity)	38,95,298	-	
6	Provident Fund	2,74,097	-	3,37,909
	Total	1,21,63,866	9,73,454	92,48,939

VII Penalties/Punishment/Compounding of Offences:

There were no penalties, punishment or compounding of offences of the Company, directors and other officers of the Company during the year ended March 31, 2017.

Reliance Defence and Engineering Limited

Directors' Report

Annexure – D

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No	Requirement	Disclosure		
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Executive Director Vice Admiral (Retd.) H S Malhi – 21.8 : 1		
(ii)	The percentage increase in remuneration of each director, CEO, CFO, Company Secretary, manager if any, in the Financial Year.	Name of KMPs	Percentage increase in remuneration in financial year 2016-17	Ratio of remuneration of each KMP/ to median remuneration of employees
		Vice Admiral (Retd.) H S Malhi	Not Applicable	21.8 : 1
		Shri Sridhar Krishnamurthy (upto October 15, 2016)	Not Applicable	39.64 : 1
		Shri Madan Pendse (from October 17, 2016 to March 31, 2017)	Not Applicable	5.29 : 1
		Shri Ajit Dabholkar Corporate Counsel and Company Secretary	6.00%	18.84 : 1
(iii)	The percentage increase in the median remuneration of employees in the Financial Year	During the Financial year 2016 – 17 there has been increase of 6 in median remuneration of employees.		
(iv)	Number of permanent employees on the rolls of the Company	472 permanent employees as on March 31, 2017.		
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase in the salaries of employees other than the managerial personnel and in the remuneration of Key Managerial Personnel during the financial year 2016-17 was 6 per cent respectively.		
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes		

Disclosure under Section 134(3)(m) of Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of Energy and Technology absorption.

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on Conservation of Energy:

- In the chilling system, cooling water circulation pump has been replaced with energy efficient Eff1 pumps.
- Improved power factor to ensure optimized utilization of power with use of capacitor banks.
- Improved Coefficient of performance of cooling tower and efficiency of HVAC system.

(ii) The steps taken by the Company for utilizing alternate sources of Energy:

- Replacement of HPMV type lamps with LED lamps & Solar System etc.
- Apart from above, the Company has also other energy conservation measures like rain water harvesting systems, usage of treated/ recycled water, optimization of processes and equipment's etc. All these steps result in saving in energy, in water consumption, in fuel consumption.

(iii) The capital investment on energy conservation equipment:

No additional investment was made for the above purpose.

B. Technology absorption

- (i) The efforts made towards technology consumption : None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
- (iv) The expenditure incurred on Research and Development : Nil

(j) Foreign Exchange Earnings and Outgo

(₹ In lakh)

Particulars	2016-17	2015-16
Foreign Exchange Earned	12,135.89	6,448.67
Foreign Exchange Expenses	13,506.64	4,469.70

Reliance Defence and Engineering Limited

Directors' Report

Annexure - F

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken to the web-link to the CSR policy and projects or programmes:

The Company has a robust CSR Policy at group level. All our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the CSR policy, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners.

2. The Composition of the CSR Committee:

Shri Rahul Sarin, Chairman, (Independent Director)

Cmdr (Retd.) Kartik Subramaniam (Whole Time Director and Chief Executive Officer)

Ms. Comal Ramachandran Gayathri (Independent Director)

Ms. Ryna Karani (Independent Director)

3. Average net profit of the Company for last three financial years:

Average net loss of ₹ (29,598.51) lakh.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

Not Applicable

5. Details of CSR spent during the financial year:

a. Total amount spent for the financial year : - NA

b. Amount unspent, if any : - NA

c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or activity identified.	Sector in which the project is covered.	Projects or Programs (1)Local area or other (2) Specify the state and districts where projects or programs was undertaken.	Amount Outlay (budget) Project or Programs wise.	Amount spent on the projects or programs Sub heads : (1)Direct expenditure on projects or programs. (2)Overheads	Cumulative Expenditure upto the reporting period.	Amount spent: Direct or through implementing agency.

Not applicable

6. In case the company failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not Applicable.

7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

Chairman of the Meeting,
CSR Committee

Member,
CSR Committee

April 11, 2017

Management's Discussion and Analysis Report

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards specified under Section 133 of the Act. The management of Reliance Defence and Engineering Limited ("Reliance Defence" or "RDEL" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "RDEL", "Reliance" or "Reliance Defence" are to Reliance Defence and Engineering Limited and its subsidiary companies and associates.

Macroeconomic Overview – Indian Economic Environment

As per the Central Statistics Organization (CSO) second advance estimates, the Indian economy grew by 7.1 per cent in 2016-17. After two consecutive years of poor monsoon, 2016-17 was the first year when the country witnessed normal monsoon which provided much needed support to the rural economy. India's macro fundamentals continued to improve in 2016-17 led by strong pace of reforms such as passage of GST Bill, corporate insolvency resolution via Bankruptcy Code, financial inclusion via Aadhaar card and various measures to curb black money. Inflation continued with its downtrend, with CPI averaging 4.5 per cent in 2016-17 versus 4.9 per cent in 2015-16. Central government fiscal deficit too improved from 3.9 per cent of Gross Domestic Product (GDP) in 2015-16 to 3.5 per cent of GDP in 2016-17. The revenue deficit also declined from 2.5 per cent in 2015-16 to 2 per cent in 2016-17. Benign inflationary pressures meant that the RBI was able to deliver another 25 basis points of repo rate cut in 2016-17 after a cumulative 125 basis points rate cut in 2015-16. Further, in order to facilitate transmission of policy

rate cuts, the RBI decided to progressively migrate the banking system liquidity target from a deficit of 1 per cent of NDTL to a position closer to neutrality. Government's policy reforms continued to improve the business environment in the economy with India jumping 16 ranks to settle at the 39th spot (out of 138 countries) on the global competitiveness index prepared by the World Economic Forum in 2016. This was the second year in a row that India jumped 16 spots. In the year 2015-16, India was ranked at the 55th place.

GDP Growth

As per second advance estimates, India's GDP growth slowed down slightly in 2016-17 to 7.1 per cent from 7.9 per cent in 2015-16. This slowdown was primarily due to the impact of demonetisation which led to temporary disruption in cash transactions. On the back of a normal monsoon, the agriculture sector registered a strong growth of 4.4 per cent in 2016-17 versus 0.8 per cent in 2015-16. Mining grew by 1.3 per cent (down from 12 per cent in the previous year) while manufacturing grew by 7.7 per cent (down from 10.5 per cent in the previous year) and electricity grew by 6.6 per cent (up from 5.1 per cent in the previous year). The construction sector showed some improvement, growing by 3.1 per cent in 2016-17 versus 2.7 per cent in 2015-16. However, the biggest drag came from the service sector where growth rate fell to 7.9 per cent in 2016-17 from 9.8 per cent in the previous year. The drag was primarily due to the note ban as large sections of the service sector are unorganized and highly dependent on cash transactions. Going forward, a normal monsoon, normalization of short-term disruption caused from demonetisation as well as a pick-up in exports should be supportive of growth in 2017-18.

Industrial Production

During 2016-17, the Index of Industrial Production (IIP) registered a healthy growth rate of 5 per cent compared to 3.4 per cent in same period last year. Manufacturing index grew by 4.9 per cent, Mining rose by 5.3 per cent and Electricity rose by 5.8 per cent. The government has been focused on increasing public capital spending both through the budget and by off budget means (SOE-led capex). However, the trend in private capex has been subdued and has been a key drag on the overall growth trajectory. On the positive side, FDI has remained quite strong with India receiving US\$35.8bn of net FDI inflows in 2016-17.

Inflation and Interest Rate

The Consumer Price Index (CPI) inflation averaged 4.5% in 2016-17 from 4.9% in 2015-16. Decline in food inflation on the back of a good monsoon helped to ease inflationary pressures in the economy. The Wholesale Price index (WPI) inflation came out of deflation territory to average 3.7% in 2016-17 versus -2.5% in 2015-16. The year 2016 marked an inflexion point in global commodities with prices of many commodities rebounding due to a combination of Chinese fiscal stimulus, supply cuts as well as some recovery in global growth. However, overall inflationary pressures in the economy continued to remain benign. As a result, the RBI was able to cut its policy rate by another 25bps in 2016-17 versus 125bps in 2015-16.

Reliance Defence and Engineering Limited

Management Discussion and Analysis

Current Account Deficit (CAD)

India's current account deficit (CAD) fell to \$11 billion (0.7% of GDP) in April–December 2016, compared with \$21 billion (1.4% of GDP) a year ago on substantial decline in merchandise trade deficit even as services trade surplus shrank. Healthy foreign direct investments into the financial account were adequate to cover CAD which helped in the accrual of foreign exchange reserves. India's export growth has turned positive since Sept

INDUSTRY AND BUSINESS PROSPECTS

Indian defence forces are the third largest armed forces in the world. India's current requirements on defence are catered largely by imports. The opening of the strategic defence sector for private sector participation will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business. Besides helping build domestic capabilities, this will bolster exports in the long term.

The union budget for 2017–18 announced that ₹ 2,74,115 crore is allocated for defence expenditure, excluding pension. The defence budget for the year 2016–17 was ₹ 2,58,589 crore.

As per the figures released by the Ministry of Defence, there is a growth of six percent over the budget estimates (₹ 2,58,589 crore) and 5.6 percent over Revised Estimates (₹ 2,59,480 crore) respectively for the financial year 2016–17.

The Union Budget envisaged a total outlay of ₹ 21,46,735 crore out of this ₹ 2,74,115 crore has been earmarked for defence. This accounts for around 12 percent of the total Central Government expenditure for the year 2017–18.

Defence Ship Building & Refits:

Opening up of defence sector for both foreign and private sector participation would help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business with manufacturing hub in India. Defence Procurement Procedure – 2016 ('DPP-2016') has been tailored to provide level playing field to private sector domestic defence equipment manufacturers and DPSUs. Besides helping build domestic capabilities, this will bolster exports in the long term. We believe that our Company is uniquely placed to tap these growth opportunities available in the Indian defence sector.

New Defence Products

We aim to manufacture a varied category of defence equipment and vessels in addition to our current order book. Some of our current focus areas are building (a) frontline frigates and destroyers; (b) aircraft carriers; (c) conventional and strategic submarines; and Mid-life Refit and Overhaul ('MRO') of existing fleet of ships and submarines.

Commercial Shipbuilding and Repairs

The Construction, Repairing, Conversion of fuel efficient superior commercial vessels, Hydro-carbon E&P Assets etc. is a vast and complex industry. India has a coastline of 7,517 km with 12 major ports and 205 notified non-major ports facilitating sea-

borne trade in and out of India. As on December 31, 2016, Indian shipbuilding industry has 31 shipyards, out of which 8 shipyards are in the public sector and the rest are in the private sector. Further, there are 34 dry-docks for repairing ships in India both in public and private sector. These dry docks include the 12 dry docks operated by 8 major ports.

Shipbuilding industry is an order driven industry where each vessel is custom built on receipt of the ship-building order. Thus, building an order book is essential for growth and sustenance of the shipbuilding industry. Order book growth for commercial ships is largely driven by the growth in world trade and commerce, which spurs demand for new ships. The evolving environment-friendly international regulations also trigger demands for replacement of old ships. Ship-repair service, a supplementary service provided by most of the shipyards, is also a labour-intensive activity that utilizes the existing ship-building infrastructure to provide additional returns on the capital invested.

The demand for ships, semi-submersibles and port auxiliary vessels, new ship building activities as well as ship-repair activities are projected to grow in view of rising cargo traffic both inbound and outbound from India in the coming years. The "Manufacturing Plan – Strategies for Accelerating Growth of Manufacturing in India in the 12th Five Year Plan and Beyond" released by the erstwhile Planning Commission lists "Ship building and Ship Repair" as one of the key sectors of strategic importance.

The Indian shipbuilding industry, which had only about 0.1% share of the world shipbuilding in the year 2002, expanded over ten times to 1.3% in the year 2007–2008. Indian shipbuilding turnover, excluding defence shipyards, has grown about 14 times from about ₹ 440 crore in the year 2001–2002 to an estimated ₹ 6,200 crore in the year 2010–2011.

Indian owned ships and vessels carried only 7.45% of India's overseas trade during the year 2014–15 with most of the sea-borne trade from and to India being facilitated by foreign vessels. With India's emergence as a major economic power, it would lead to greater integration in terms of trade with the rest of the world which would require a large amount of shipping capacity. To sustain the momentum of foreign trade and improve competitiveness, India would also need adequate and efficient infrastructure in terms of ports, ships and maritime services.

The Company is concentrating its business development efforts on niche segments like building of Floating Storage and Regasification Unit ('FSRU'), Floating Production, Storage and Offloading Unit ('FPSO'), Floating Storage Unit etc. Reliance Defence is among few private sector companies to have developed capabilities and capacities to tap this huge opportunity.

Ship repair activity in India is largely concentrated around 18 small sized commercial dry docks, equally divided between the public and private sectors. This is supplemented by wet berths in major ports and captive repair facilities of the Indian Navy.

The ship repair business worldwide is estimated to be around 12 billion USD, while Indian companies share in the total revenue from global ship repair business stands at less than 1%. It is estimated that the total potential of the ship repair market

Management Discussion and Analysis

available in the Indian region is of the order of ₹ 2,440 crore to ₹ 2,790 crore per annum.

During the year 2014-15, Indian companies repaired a total of 482 ships grossing a total revenue of ₹ 504.3 crore. The total number of ships repaired in the year 2014-2015 increased by approx. 140% from the years 2013-2014 and 2014-15 when a total of 200 and 206 ships were repaired, respectively.

The traditional commercial shipbuilding sector continues to reel under the tonnage glut, shrinking global trade and subsequent low ordering levels. GoI is committed to increasing India's share of the global shipbuilding market to 5 percent by 2020 which is currently around 1%. India's advantages over other competitor nations are well known and include its strategic location in close proximity to the international busy trading routes and a ready availability of skilled manpower.

OPPORTUNITIES AND OUTLOOK

Defence Shipbuilding and Refit

The Indian defence space is an important focus area for the Government of India which is also highlighted by the increase in budgetary allocations for the sector over the years. The budgetary allocation for defence is increased at a CAGR of 9%, revenue expenditure remained largely constant and capital expenditure increasing at a CAGR of around 11%. India is also one of the largest defence spenders in the world. The Indian armed forces are the third largest in the world with a substantial defence budget. In the financial year ending March 31, 2017, around 30% of the defence budget was spent on capital acquisitions.

The offset policy (which stipulates the mandatory offset requirement of a minimum 30% for procurement of defence equipment in excess of ₹ 3 billion) introduced in the capital purchase agreements with foreign defence players would ensure that an eco-system of suppliers is built domestically.

Our strategy is to focus on research and development in defence technology with the objective of becoming self-reliant and developing indigenous defence equipment. The Government of India, through its 'Make in India' campaign, has been encouraging domestic development of defence equipment. The DPP-2016, under the 'Buy (Indian-IDD)' category refers to procurement of the products that have been indigenously designed, developed and manufactured with a minimum of 40% of indigenous content ('IC') on the cost basis of the total contract value or products having 60% indigenous content on cost basis of the total contract value, if not designed and developed indigenously. Apart from overall IC as mentioned above, the same percentage of IC will also be required in (a) Basic cost of equipment (b) cost of manufacturers' recommended list of spares; and (c) cost of special maintenance tools and special test equipment taken together at all stages. Further to encourage research and development in the private sector defence manufacturers, under the 'Make-India' category, the Ministry of Defence would bear 90% of design and development cost of major defence systems and the rest 10% will be borne by the development agency, i.e. the selected vendor.

Our strategy is to commit more resources in research and development activities in defence technology with the ultimate

goal of becoming technologically self-reliant and ensure indigenous production of defence equipment. Further, our Company is actively pursuing various other opportunities with technology partners to advance our technological capabilities of building strategic defence platforms.

Our Company, due to our large infrastructure, developed and demonstrated capabilities and capacities is uniquely placed to tap these growth opportunities available in the Indian defence sector.

OVERALL REVIEW

Reliance Defence is India's leading private sector Defence company, with aggregate revenues of about ₹ 56,414.44 lakh and gross fixed assets of ₹ 6,15,827.30 lakh. The highlights of the performance of the Company during Financial Year 16-17 are furnished hereunder:

- Total income of ₹ 56,414 lakh
- Net loss of ₹ 52,343 lakh

During the year, the interest expenditure increased to ₹ 50,992.28 lakh as compared to ₹ 42,526.61 lakh in the previous year. Cash loss for the year was ₹ 50,557.60 lakh as compared to ₹ 58,931.80 lakh in the the previous year. Net loss for the year was ₹ 52,412.89 lakh as compared to ₹ 52,728.04 lakh in the previous year. The capital expenditure during the year was ₹ 36104.60 lakh. Total gross fixed assets increased during the year to ₹ 6,15,827.30 lakh, with a net worth of ₹ 117,047.95 lakh.

Resources and Liquidity

The Company strives to maintain a conservative financial profile. The Company's consolidated gross debt at the end of the financial year stood at ₹ 8,75,319.38 lakh.

The Company sources funds for its long-term and project related financing requirements from a combination of internal accruals and external sources. The working capital requirements are met through commercial rupee credit lines provided by a consortium of Indian banks.

Risks & Concerns:

Defence Shipbuilding and Repairs

Typically, all our ship building and ship repair contracts are subject to specific completion schedules. Many of our customers demand performance guarantees, which are typically valid for a period up to 12 months from the date of delivery of the vessel, and require us to complete the work within a specified timeframe. Some of our contracts provides for payment of liquidated damages to the customers, if there is a delay on our part to perform our obligations under the contract.

Our contracts also give an option of termination to the customers in the event of delay in delivery of vessels, barring any delay caused due to force majeure events, upon serving of appropriate notices. In some cases, in the event of delay, our customer may be entitled to receive liquidated damages from the original date of delivery or invoke performance guarantees. Under certain

Management Discussion and Analysis

contracts, our customers may also agree to accept the vessel at a mutually agreed reduced price. In the past, there have been instances where we have delayed the delivery of certain vessels, for various reasons. However, we were able to negotiate with our customers and secure an extension for the delivery of vessels. However, we cannot guarantee that there will not be delays in the future nor can we guarantee that we will be able to negotiate with our customers and secure an extension without any adverse consequences. In the event that we are unable to secure an extension, delays in delivery may affect our cash flows, business, results of operations and financial condition.

Commercial Shipbuilding & Repairs:

The growth of Chinese shipbuilding industry is now becoming a threat to almost all major shipbuilding nations as China is planning to become the leading shipbuilding nation with an aim to corner more than 30 per cent global share. Chinese corporations are backed up by subsidy and strong domestic ancillary industry. One of the reasons for China being number one position is that it is mainly active in ship types that are relatively labour intensive in comparison to other shipbuilding regions. However, India is probably the only country that will be able to match the Chinese prices with its relatively low labour costs, local technical talent and industrial base for manufacture of equipment. The Company has been seen as a shipyard which delivers quality products at a reasonable price; with the availability of technology and quality consciousness, the Company is placed advantageously to attract orders from across the globe.

Risk Management Framework

The Company has a defined risk policy and risk management framework for all units, functional departments and project sites. This helps in identifying, assessing and mitigating the risk that could impact the Company's performance and achievement of its business objectives. The risks are reviewed on an ongoing basis by respective Business Heads and Functional heads across the organization.

Adequacy of Internal Controls

The Company has an adequate system of management supervised internal financial controls which is aimed at achieving efficiency in operations, optimum utilization of resources, and compliance with all applicable laws and regulations. The internal financial control mechanism comprises a well-defined organization structure, pre-determined authority levels with segregation of duty, risk assessment and management framework. The Company's manufacturing, health and safety policies and standard operating procedures are well documented and have various ISO and OHSAS certifications. The procurement and operational maintenance activities are planned well in advance to avoid any possible risk of late delivery of equipment and materials, delay in attending to maintenance needs, etc. The Company stores and maintains on a regular basis, all the relevant data and information as a back up to avoid any possible risk of losing important business data.

Professional internal audit firms review the systems and processes of the Company in coordination with Management Team and

this is helpful in providing independent and professional opinion on the internal control systems. A qualified and independent audit committee of the Board reviews the internal audit reports, adequacy of internal controls and risk management framework every calendar quarter.

HUMAN RESOURCES

Human Resource (HR) at RDEL is a business partner and strategic enabler with complete focus on organizational development and employee engagement. This is largely due to the alignment of HR practices with business requirements and its quick response to challenges. HR is totally committed to the highest standards of corporate governance, business ethics, social responsibility, employee engagement, performance excellence, employee satisfaction with a work environment promoting transparency, meritocracy and ownership.

During the year, the Company has successfully met the manpower skill requirements emerging from our expanding businesses. The manpower as on March 31, 2017 was at 472 across all our businesses.

Talent Acquisition

Talent sourcing at RDEL is based on a highly reliable, standardized and benchmarked recruitment practice to assess the potential talent as per job description, role, expertise level, skills and experience. The recruitment process enables us to screen the talent for matching the role with the skills of the prospective candidates. The talent is sourced from various channels like industry, campus and employee referrals.

Performance Management

The cornerstone of a highly transparent and merit based performance management system at Reliance Defence is its practice of innovation and continual improvement of the processes that evaluates, acknowledges and appreciates the employee's performance. The successful implementation of 'Share, Outperform, Understand and Listen' (SOUL) initiative enhanced employee engagement and performance excellence. The Company's reward and recognition policy, compensation structure and employee engagement policy has been benchmarked to industry standards. Special retention plans are formulated to retain highly competitive talent. A comprehensive nonmonetary reward and recognition policy encourages and rewards outstanding contributions by individuals and teams.

Employee Relations and Welfare

The Company ensures health, safety and welfare of its employees with a robust foundation of policies and processes. The Company has provided extensive practical training on safety and undertaken a large number of safety measures like job safety assessment and adopted safe construction techniques at project sites. Throughout the year, the Company organized several medical camps, sports and cultural activities for the employees and their families. The Company has established proactive, harmonious industrial relations and inclusive practices with all employee bodies.

Corporate Governance Report

Our Corporate Governance Philosophy

Reliance Defence follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

Governance policies and practices

The Company has formulated a number of policies and introduced several governance policies to comply with the applicable and statutory and regulatory requirements:

A. Values and commitments

We have set out and adopted a policy document on 'Values and Commitments of Reliance Defence'. We believe that any business conduct can be ethical only when it rests on the nine core values viz., honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. Code of ethics

Our policy document on the 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. Separation of the Board's supervisory role from the executive management

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the posts of Chairman and Chief Executive Officer ("CEO").

E. Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. Whistle Blower policy / Vigil Mechanism

Our Whistle Blower policy / Vigil Mechanism encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action. The policy is also

hosted on the website of the Company at http://www.reliancedefence.co/corporate_governance.html.

It is affirmed that no personnel has been denied access to the Audit Committee.

H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concerns in all our business activities.

I. Risk management

Our risk management procedures ensure that the management controls various business related risks through the means of a properly defined framework.

J. Board room practices

a. Chairman

In line with the highest global standards of corporate governance, the Chairman's role is separated from that of a CEO in managing day-to-day business affairs.

b. Board charter

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and functions of the Board and its various committees, etc.

c. Board committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Regulation and Disclosure Requirements), 2015 read with schedule II and V ('Listing Regulations') the Board constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board rotates the Chairperson of these Committees periodically.

d. Selection of Independent directors

Considering the requirement of skill sets on the Board eminent persons having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under law.

e. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed the time period as per the provisions of the Companies Act, 2013 ("the Act") and Listing Regulations as amended from time to time.

f. Independent directors' interaction with stakeholders

Members of the Stakeholders Relationship Committee guide the Committee on the suggestions and queries of the stakeholders, if any, which are forwarded to the Company Secretary.

g. Familiarisation of Board Members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction and core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents / brochures, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

The details of programmes for familiarisation of independent directors is put up on the website of the Company at the link: http://www.reliancedefence.co/corporate_governance.html

h. Meeting of independent directors with operating teams

The independent directors of the Company meet various operating teams as and when they deem necessary. These discussions may include topics such as, operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration flow of information to directors, management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as they may determine and deem fit.

i. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advice the Board in the

conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards to provide guidance to directors and to facilitate to convening of meetings and is the interface between the management and the regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

j. Independent Statutory Auditors

The Company's accounts are audited by a leading independent audit firm M/s Pathak H. D. & Associates, Chartered Accountants.

They hold office as Statutory Auditors as per the provisions of the Companies Act, 2013.

k. Compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The Company is fully compliant with the Corporate Governance requirements specified in the Listing Regulations.

We present our report on compliance of governance conditions specified in Listing Regulations.

I. Board of Directors

1. Board Composition - Board strength and representation

As on March 31, 2017, the Board comprised of fourteen members. The composition and category of directors on the Board of the Company were as under:

Sr. No.	Names of Directors	DIN	Category
1	Shri Anil D Ambani Chairman	00004878	Non-Executive and Non-Independent Director
2	Vice Admiral (Retd.) H. S. Malhi	02388929	Whole-Time Director
3	Shri S Seth	00004631	Non-Executive and Non-Independent Directors
4	Shri Nikhil Gandhi	00030560	
5	Shri Bhavesh Gandhi	00030623	
6	Shri Ajai Vikram Singh	02184840	Independent Directors
7	Ms. C R Gayathri	02872723	
8	Air Chief Marshal (Retd.) Fali Homi Major	03026199	
9	Lt. Gen. (Retd.) Syed Ata Hasnain	07257757	
10	Shri Rahul Sarin	00015986	
11	Shri Rajendra Chitale	00116930	
12	Ms. Ryna Karani		Nominee Directors
13	Shri Ajoy Nath Jha	03567844	
14	Ms. Padmaja Bhaskaran	05264282	

Notes:

- a. None of the directors is related to any other director, except Shri. Nikhil Gandhi and Shri Bhavesh Gandhi, who are related to each other as brothers.

Corporate Governance Report

- b. None of the Independent directors has any business relationship with the Company.
- c. None of the directors has received any loans and advances from the Company during the year.
- d. Shri S Seth was appointed on the Board with effect from September 12, 2016.
- e. IDBI Bank has substituted their nominee Shri Ajay Sharma on Company's Board by Shri Ajoy Nath Jha with effect from November 28, 2016.
- f. Shri Amitabh Jhunjhunwala ceased to be Director on the Board of the Company with effect from September 12, 2016.
- g. Shri Sridhar Krishnamurthy ceased to be Chief Financial Officer with effect from October 15, 2016 and Shri Madan Pendse was appointed as Chief Financial Officer of the Company with effect from October 17, 2016.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

All the independent Directors of the Company furnish a declaration at the time of their appointment and also annually that they qualify with the conditions of their being independent as provided under the law. All such declarations are placed before the Board.

2. Conduct of Board proceedings

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the Board led by the Chairman. The Board holds at least four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.

- h. Overseeing the process of disclosure and communications and
- i. Carryout the performance evaluation of the Board.

3. Board meetings

The Board held seven meetings during the financial year 2016-17 on April 22, 2016, May 14, 2016, September 10, 2016, October 15, 2016, November 10, 2016, January 14, 2017 and February 11, 2017.

The maximum time gap between any two meetings during the year under review was 118 days and the minimum gap was 21 days.

The meetings were held in Mumbai. The Board periodically reviews compliance reports of all laws applicable to the Company.

4. Secretarial Standards issued by ICSI

Pursuant to the provisions of Section 118 (10) of the Act, compliance with secretarial standards I and II relating to Board and General Meetings specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government has become mandatory with effect from July 1, 2015. The company diligently follows the above standards.

Reliance Defence and Engineering Limited

Corporate Governance Report

5. Attendance of directors

Attendance of directors at the Board Meetings held during the financial year 2016-17 and the last Annual General Meeting (AGM) held on August 20, 2016 and the details of directorships (calculated as per the provisions of Section 165 of the Companies Act, 2013), Committee Chairmanships and Committee Memberships held by the directors as on March 31, 2017 were as under:

Name of Directors	Number of meetings attended out of seven meetings held	Number of directorships (including RDEL)	Committee membership (including RDEL)	
			Membership	Chairmanship
Shri Anil D Ambani	6	14	1	0
Shri Amitabh Jhunjhunwala**	0	3	2	0
Shri S Seth*	4	9	3	0
Vice Admiral (Retd.) H. S. Malhi	6	2	2	0
Shri Nikhil Gandhi	2	13	5	0
Shri Bhavesh Gandhi	5	9	1	0
Shri Ajai Vikram Singh	3	4	1	1
Ms. C R Gayathri	5	12	4	3
Shri Ajay Sharma#	3	2	0	0
Ms. Padmaja Bhaskaran	5	1	0	0
Air Chief Marshal (Retd.) Fali Homi Major	5	2	0	0
Lt. Gen. (Retd.) Syed Ata Hasnain	5	1	0	0
Shri Rahul Sarin	5	1	0	0
Shri Rajendra Chitale	4	11	5	5
Ms. Ryna Karani	7	7	6	1
Shri Ajoy Nath Jha#	1	1	0	0

* Shri S Seth was appointed on the Board with effect from September 12, 2016.

** Shri Amitabh Jhunjhunwala ceased to be Director on the Board of the Company with effect from September 12, 2016.

IDBI Bank has substituted their nominee Shri Ajay Sharma from Company's Board by Shri Ajoy Nath Jha with effect from November 28, 2016.

Notes:

- None of the Directors holds directorships in more than 20 companies (Excluding foreign companies and section 8 companies) of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.
- None of the directors holds membership of more than 10 committees of the Board, nor, is a Chairman of more than 5 committees across the Board of all listed entities.
- None of the Independent Director holds the position of the Independent Director in more than seven listed companies as required under Listing Regulations.
- The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1)(b) of the Listing Regulation: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
- The committee membership and chairmanship above excludes membership and chairmanship in private Companies, foreign companies and Section 8 Companies.
- Membership of Committees excludes Chairmanship, if any. The Company's Independent Directors meet at least once

in every Financial Year without the attendance of Non-Independent Directors and Management Personnel. One meeting of Independent Directors was held during the year.

- The last AGM of the Company held on August 20, 2016 at the registered office of the Company in Dist. Amreli, Gujarat was attended by Vice Admiral (Retd.) H. S. Malhi, Whole Time Director and CEO of the Company at that time. Other Directors could not make it convenient to attend the AGM.

6. Details of directors

The brief profiles of all directors are furnished hereunder:

Shri Anil D. Ambani

Shri Anil D. Ambani, 57 years, is the Chairman of our Company, Reliance Capital Limited, Reliance Communications Limited, Reliance Infrastructure Limited, Reliance Power Limited, Reliance Defence Limited and Dassault Reliance Aerospace Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. He is a member of Stakeholders Relationship Committee of Reliance Communications Limited.

Corporate Governance Report

With a master's degree from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having spearheaded the Reliance Group's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad:

- Member of Wharton Board of Overseers, the Wharton School, U.S.A.
- Member of the President's Global Counsel, New York University, U.S.A.
- Member of Advisory Board of Warwick Business School, UK.
- One of the Founders of Indian School of Business (ISB), Hyderabad. ISB has established formal partnership with International Business Schools – Wharton and Kellogg.

The Prime Minister of India nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum, Member of the US-India CEO Forum, Member of the Indo-French CEO Forum, Member of the Indo-Canada CEO Forum and Member of Indo-Russia CEO Forum.

As on March 31, 2017, Shri Anil D Ambani did not hold any share in the Company.

Shri S Seth

Shri S Seth, 61 years, is a Fellow Chartered Accountant and a law graduate. He has vast experience in general management. Shri S Seth is also on the Board of Reliance Infrastructure Limited, Reliance Telecom Limited, Reliance Power Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Defence and Aerospace Private Limited, Reliance Defence Systems Private Limited, Reliance Defence Technologies Private Limited and Reliance Defence Limited.

As on March 31, 2017, Shri S Seth did not hold any shares in the Company.

Cmde (Retd.) Kartik Subramaniam

Cmde (Retd.) Kartik Subramaniam, 61 years, is the Whole-Time Director and Chief Executive Officer of the Company. He has had a distinguished 29 years service with the Indian Navy and thereafter served for 8 years with Cochin Shipyard Limited ('CSL'). He retired as the Chairman and Managing Director of CSL.

His career in Indian Navy spanned across several war vessels and in Naval Dockyards of Mumbai and Vishakhapatnam. His major appointments included Jt. Director Naval Design at Naval HQ, Director (Technical) Project Seabird, Command Refit Officer and Command Engineering Officer in HQ, Western Naval Command. For distinguished service with the Indian Navy, Cmde. Subramaniam was awarded the NaoSena Medal.

Post serving in the Indian Navy, Cmde. Subramaniam was appointed as Director (Operations) at CSL and thereafter appointed as Chairman and Managing Director. Cmde. Subramaniam was directly responsible for all operations and maintenance on the shipbuilding front.

His major achievements include the construction and launching of the Indigenous Aircraft Carrier; Delivery of Fast Patrol Vessels to the Indian Coast Guard; Delivering over 20 high end Platform Support Vessels to clients in Western Europe and the USA.

Cmde. Subramaniam has expertise in strategic planning and execution of multiple Naval Projects; innovation and technology absorption; capacity expansion and infrastructure development.

He is a member of the Audit Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee of the Company.

As on March 31, 2017, Cmde (Retd.) Kartik Subramaniam did not hold any shares in the Company.

Shri Nikhil Gandhi

Shri Nikhil Gandhi, 57 years, is the first generation entrepreneur with business interest in marine engineering and infrastructure. Shri Gandhi has approximately 33 years of experience as an entrepreneur of various infrastructure development projects. Some of the marquee projects conceived and developed during their infrastructure development stages by Shri Nikhil Gandhi include Pipavav Port in Gujarat, Navi Mumbai Special Economic Zone and Maha Mumbai Special Economic Zone.

Shri Nikhil Gandhi is on the Board of SKIL Infrastructure Limited, SKIL-Himachal Infrastructure and Tourism Limited, KLG Capital Services Limited, JPT Securities Limited, Nayroh Lifestyle and Leisure Infrastructure Limited, Pipavav Electronic Warfare Systems Private Limited (Erstwhile SKIL Strategic Deterrence Systems Pvt. Ltd), Awaita Properties Private Limited, Navi Mumbai SEZ Private Limited, Urban Infrastructure Holdings Private Limited, Karanja Terminal & Logistics Private Limited and SKIL Institute of Nursing Private Limited.

As on March 31, 2017, Shri Nikhil Gandhi did not hold any shares in the Company.

Shri Bhavesh Gandhi

Shri Bhavesh Gandhi, 51 years, has approximately 30 years of experience in various fields pertaining to infrastructure development projects. Shri Bhavesh Gandhi led development of Pipavav Railways, a railway project in India based on the PPP model through a joint venture with the Ministry of Railways. Shri Gandhi was awarded the "Shipping, Marine and Ports (SMP), 2012 – Young Entrepreneur" Award.

Shri Bhavesh Gandhi is on the Board of Donyi Polo Petrochemicals Limited, Nayroh Lifestyle and Leisure Infrastructure Limited, SKIL Infrastructure Limited, SKIL Shipyard Holdings Private Limited, Awaita Properties Private Limited, Navi Mumbai SEZ Private Limited, Urban Infrastructure Holdings Private Limited and Nehal Hospitality & Health Care Private Limited.

Shri Nikhil Gandhi and Shri Bhavesh Gandhi are related to each other as brothers.

As on March 31, 2017, Shri Bhavesh Gandhi held 68,300 equity shares (out of the same 66,000 Equity Shares are

held in Bhavesh Prataprai Gandhi, HUF Account) of the Company.

Shri Ajai Vikram Singh

Shri Ajai Vikram Singh, 71 years, is an Independent Director of our Company. He is the former Defence Secretary to the Government of India. Shri Singh joined the Indian Administrative Service (IAS) in the year 1967 and has served the State and Central Governments in various capacities.

Shri Singh is a member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

As on March 31, 2017, Shri Ajai Vikram Singh did not hold any shares of the Company.

Ms Comal Ramachandran Gayathri

Ms Comal Ramachandran Gayathri, 68 years, is an Independent Director of our Company. She has over 36 years of experience as a senior bureaucrat with Government of India and Government of Andhra Pradesh. Ms Gayathri has contributed to various sectors of Government including power and energy, environment, industry, chemicals and fertilizers and social Sectors. Ms. Gayathri currently chairs the Committee of National Bio-Diversity Authority, Government of India. She has made significant contribution to reforms and restructuring of Power Sector and formulating guidelines in the management of Power and Energy sectors.

She is a member of Corporate Social Responsibility Committee of the Company.

As on March 31, 2017, Ms Comal Ramachandran Gayathri did not hold any shares in the Company.

Shri Ajoy Nath Jha

Shri Ajoy Nath Jha, 54 years, is a Director nominated by IDBI Bank. Shri Jha was assistant professor in Economics at the Zakir Hussain College, University of Delhi. He was also a research officer at the Reserve Bank of India. Since 1995, Shri Jha has been associated with IDBI Bank in various areas such as research, budgeting and planning, corporate finance, risk management and personal banking.

As on March 31, 2017, Shri Ajoy Nath Jha did not hold any shares in the Company.

Ms. Padmaja Bhaskaran

Ms. Padmaja Bhaskaran, 59 years, is a Director nominated by Life Insurance Corporation of India. She is a Director, LIC of India, Zonal Training Centre, Gurgaon. She was Director and Chief Executive, LIC Cards Services, Delhi. She has over 34 years of experience in the field of insurance.

As on March 31, 2017, Ms. Padmaja Bhaskaran did not hold any shares in the Company.

Air Chief Marshal (Retd.) Fali Homi Major

Air Chief Marshal (Retd.) Fali Homi Major, 69 years, is an Independent Director of the Company. He is a graduate of the National Defence College, Army War College & the Asia Pacific Security Centre (Hawaii, USA). He was commissioned in the Indian Air Force on December 31, 1967. He was

appointed as the 18th Chief of the Indian Air Force by the Government of India. During his tenure as Chief of the fourth largest Air Force in the world, the IAF was in the midst of a transformational modernization process. Post retirement, he has been on many expert groups of the Government of India in regard to aerospace, military & national security. He is a member of the National Security Advisory Board and had been an Independent Director of Air India Limited.

As on March 31, 2017, Air Chief Marshal (Retd.) Fali Homi Major did not hold any shares in the Company.

Lt Gen (Retd.) Syed Ata Hasnain

Lt Gen (Retd.) Syed Ata Hasnain, 63 years, is an Independent Director of the Company. He holds a bachelor of arts (with honours) degree in history from St. Stephen's College, Delhi, and is a post graduate in international relations from Kings College, University of London. He also has a master of philosophy degree in defence and management studies from University of Indore. He has attended programs in Strategic Studies at the Royal College of Defence Studies (RCDS) and the Asia Pacific Center for Strategic Studies (APCSS), Hawaii (USA). He has over 45 years of experience in the field of defence. He has participated in various military and counter insurgency operations, and served with the United Nations in Mozambique and Rwanda. He is a member of the Eminent Persons Group on Indonesia for consultation by the MEA, on the Experts Committee of the MEA on Afghanistan, and a nominee of the President of India on the executive council of Aligarh Muslim University.

As on March 31, 2017, Lt Gen (Retd.) Syed Ata Hasnain did not hold any shares in the Company.

Shri Rahul Sarin

Mr. Rahul Sarin, 67 years, is an Independent Director of our Company. He holds bachelor degree in the fields of science and law and a post-graduate degree in development administration from the University of New York, United Kingdom. He joined the Indian Administrative Service in 1974 and has over 35 years of experience in the services. He is currently Member of Competition Appellate Tribunal, a statutory body under the Competition Act, 2002. As a senior bureaucrat of Government of India, Shri Sarin has coordinated all personnel matters in regarding recruitment, capacity building and training, career development, staff welfare and post-retirement benefits. His last assignment was that of an advisor, Small and Macro Enterprises by the Ministry of Trade and Industry, Government of Republic of Namibia Cooperation Programme.

As on March 31, 2017, Shri Rahul Sarin did not hold any shares in the Company.

Shri Rajendra Chitale

Shri Rajendra P. Chitale, 56 years, is an Independent Director of our Company. He is a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (one of India's leading boutique structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He has served as a member of the Insurance Advisory

Corporate Governance Report

Committee of the Insurance Regulatory and Development Authority of India (IRDA), the Working Group on Insurance, Pensions, Small Savings, etc., Financial Sector Legislative Reforms Commission, Government of India, the Takeover Panel of the Securities & Exchange Board of India, Investor Education & Protection Fund Committee, Government of India, the Advisory Committee on Regulations of the Competition Commission of India and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Limited, Asset Reconstruction Company (India) Limited, SBI Capital Markets Limited and National Securities Clearing Corporation Limited. He currently serves as a director on the boards of several large companies including Hinduja Ventures Limited, Ambuja Cements Limited, Hinduja Global Solutions Limited, The Clearing Corporation of India Limited, JM Financial Asset Management Limited, Reliance Nippon Life Insurance Company Limited, Reliance General Insurance Company Limited and Reliance Capital Limited.

Shri Rajendra P. Chitale is the Chairman of Audit Committee of the Company. He is the Chairman of Audit Committee of Ambuja Cements Limited, The Clearing Corporation of India Limited and Reliance Capital Limited and a member of Audit Committee of Hinduja Ventures Limited, Hinduja Global Solutions Limited, Reliance General Insurance Company Limited, Reliance Nippon Life Insurance Company Limited and J M Financial Asset Management Limited. He is the Chairman of Nomination and Remuneration Committee of Reliance Capital Limited. He is the Chairman of Stakeholders Relationship Committee of Ambuja Cements Limited.

As on March 31, 2017, Shri Rajendra Chitale did not hold any shares in the Company.

Ms Ryna Karani

Ms Ryna Karani, 49 years, is an Independent Director of our Company. She holds an LLB and a bachelors' degrees in sociology and psychology from the University of Mumbai. She has over 22 years of experience in the field of law and legal services. She is a partner of ALMT Legal, Advocates and Solicitors, as a part of the firm's corporate and commercial team. She has been practicing as a lawyer since 1994 and is enrolled as an advocate with the Bar Council of Maharashtra and Goa. Her practice includes advising on mergers and acquisitions, joint ventures, private equity and investment funds on a full range of corporate transactions including cross border transactions. Further, she advises clients on infrastructure projects including submission and preparation of Request of Proposal (RFPs), finalizing tenders, drafting and/or negotiating concession agreements and related documents.

She is a director on the Board of Reliance Infrastructure Limited, Addvant India Private Limited, Mumbai Metro One Private Limited, BSES Yamuna Power Limited, BSES Rajdhani Power Limited and INEOS Styrolution India Limited.

She is a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship

Committee and Corporate Special Responsibility Committee of the Company.

As on March 31, 2017, Ms Ryna Karani did not hold any equity shares in the Company.

Insurance coverage

The Company has obtained Directors and Officers liability insurance coverage in respect of any legal action that might be initiated against the directors.

II. Audit Committee

In terms of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, the Audit Committee as on March 31, 2017 comprises of Shri Rajendra Chitale, Chairman, Ms Ryna Karani, Shri Ajai Vikram Singh and Vice Admiral (Retd) H S Malhi as members. All the members of the committee are financially literate.

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board.

Pursuant to the provisions of the Act and Listing Regulations the Board has approved the terms of reference of the Audit Committee as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for the appointment, reappointment, terms of appointment and replacement / removal of the statutory auditors of Company;
3. Approval of payment to statutory auditors for any other services rendered by statutory auditors;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility statement to be included in Boards Reporting terms of Clause (C) of Sub Section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.

Corporate Governance Report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit function, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has following powers:

- a. To investigate any activity within its terms of reference;

- b. To seek information from any employee;
- c. To obtain outside legal and other professional advice;
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary;

The Audit Committee held its meetings on May 14, 2016, September 10, 2016, October 15, 2016, November 9, 2016 and February 10, 2017. The maximum gap between any two meetings was 118 days and the minimum gap was 24 days.

Attendance at the meetings of the Audit Committee held during 2016-17, is as follows:

Members	Number of Meetings held	Number of Meetings attended
Shri Rajendra Chitale	5	4
Ms. Ryna Karani	5	5
Shri Ajai V Singh	5	3
Vice Admiral (Retd.) H S Malhi	5	4

Shri Rajendra Chitale, Chairman of the Audit Committee could not attend the last Annual General Meeting of the Company due to his unavoidable travel plan.

The Committee considered all the points in terms of reference at periodic intervals.

Shri Ajit Dabholkar, Corporate Counsel and Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the statutory auditors of the Company, the overall scope and plans for the independent audit.

The management represented to the Committee that the Company's financial statements were prepared in accordance with the prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and clarity of disclosures in the financial statements. Based on the review and discussions conducted with the management and the auditors, the Audit Committee believes that the Company's financial statements are presented in conformity with the prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. While conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal as well as the statutory auditors.

Corporate Governance Report

III. Nomination and Remuneration Committee

In terms of Listing Regulations and Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee comprises of Lt Gen (Retd.) Syed Ata Hasnain, Chairman, Shri Ajay V Singh and Ms Ryna Karani as members.

Vice Admiral (Retd.) H S Malhi, resigned as Member of Nomination and Remuneration Committee with effect from July 15, 2016.

Shri Ajit Dabholkar, Corporate Counsel and Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

As per Section 178 of the Act and the Listing Regulations, the term of reference of the Committee, inter alia, includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- process for selection and appointment of new directors and succession plans.
- recommend to the Board from time to time, a compensation structure for directors and the senior management personnel.
- to identify persons who are qualified to be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and/or removal to the Board.
- to formulate the criteria for evaluation of Independent Directors and the Board and the committees thereof.
- to carry out evaluation of every director's performance.
- to devise a policy on board diversity.

Criteria for making payments to non-executive directors

The remuneration to non-executive directors is benchmarked with the relevant market and performance oriented, balance between financial and sectoral market, comparative scales, aligned to corporate goals, role assumed and number of meetings attended.

Sitting Fees, Salary paid / payable to directors during the year ended March 31, 2017.

Amount ₹ in lakh

Sr No	Name	Designation	Sitting Fees	Salary and Perquisites	Total
1.	Shri Anil D Ambani	Non Executive Chairman	2.4	-	2.4
2	Shri S Seth	Non Executive Director	1.6	-	1.6
3	Vice Admiral (Retd.) H. S. Malhi	Whole Time Director	-	107.04	107.04
4	Shri Nikhil Gandhi	Director	0.8	-	0.8
5	Shri Bhavesh Gandhi	Director	2.0	-	2.0
6	Shri Ajai Vikram Singh	Director	3.6	-	3.6
7	Ms. C R Gayathri	Director	2.4	-	2.4
8	Shri Ajay Sharma	Nominee Director	1.2	-	1.2
9	Ms. Padmaja Bhaskaran	Nominee Director	2.0	-	2.0
10	Air Chief Marshal Fali Homi Major	Independent Director	2.0	-	2.0
11	Lt Gen. (Retd.) Syed Ata Hasnain	Independent Director	2.4	-	2.4
12	Shri Rahul Sarin	Independent Director	2.4	-	2.4
13	Shri Rajendra Chitale	Independent Director	3.2	-	3.2
14	Ms. Ryna Karani	Independent Director	6.8	-	6.8
15	Shri Ajoy Nath Jha	Nominee Director	0.4	-	0.4
Total			33.20	107.04	140.24

Notes: There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.

Reliance Defence and Engineering Limited

Corporate Governance Report

IV. Stakeholders Relationship Committee

In accordance with the requirements of Listing Regulations and provisions of the Act, the Company has constituted the "Stakeholders Relationship Committee" which as on March 31, 2017 comprises of Shri Ajai Vikram Singh as Chairman, Ms Ryna Karani and Vice Admiral (Retd.) H S Malhi as members, to resolve the grievances of all the stakeholders of the Company and to perform all other work.

Three meetings of the Stakeholders Relationship Committee were held on May 14, 2016, November 9, 2016 and February 10, 2017 during the financial year 2016-17.

Attendance at the meeting of the Stakeholders Relationship Committee held during the financial year 2016-17 is as follows:

Members	Number of Meetings held	Number of Meetings attended
Shri Ajai Vikram Singh	3	2
Ms. Ryna Karani	3	3
Vice Admiral (Retd.) H S Malhi	3	3

V. Compliance Officer

Shri Ajit Dabholkar, Corporate Counsel and Company Secretary is the Compliance Officer as defined under the Listing Regulations.

VI. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee pursuant to the requirements of the Act as on March 31, 2017 consisted of Shri Rahul Sarin as Chairman, Ms Ryna Karani, Ms Comal Gayatri and Vice Admiral (Retd.) H S Malhi as members. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy.'

The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company.

The CSR Committee held one meeting on May 14, 2016 during the financial year 2016-17, which were attended by all the members.

VII. Risk Management Committee

Risk Management Committee as on March 31, 2017 consisted of Shri Rajendra Chitale as Chairman, Ms Ryna Karani and Vice Admiral (Retd.) H.S.Malhi as Members. Shri Ajit Dabholkar, Corporate Counsel and Company Secretary acts as Secretary of the Committee.

The Committee is authorized to discharge its responsibilities under the provisions of the Companies Act, 2013 and Listing Regulations as follows:

1. Identify and manage existing and new risks in a planned and coordinated manner.

2. Develop a "risk" culture that encourages all staff to identify risks and associated opportunities and to respond to them with effective actions.

3. Provide a sound basis for integrated risk management and internal control as components of good corporate governance.

To realise the risk management policy objective, Reliance Defence and Engineering Limited aims to ensure that:

- a. The acceptance and management of risk is integrated in day to day management of the business;
- b. Key risks are identified, their potential impact on the achievement of objectives, continuously monitored and managed to an acceptable level;
- c. The escalation of risk information is timely, accurate and gives complete coverage of the key risks to support management decision making at all levels;
- d. Risk is primarily taken and managed by the business entity transacting the business which gives rise to the risk; and
- e. All employees actively engage in risk management within their own areas of responsibility.

VIII. General Body Meetings:

The Company held its last three Annual General Meetings as under:

Financial Year	Date and Time	Whether Special Resolution passed
2015-16	August 20, 2016 at 2.00 P.M.	No
2014-15	September 30, 2015 at 12.00 noon	Yes i) To Increase Foreign Investment Limit in the Company ii) Issue of Equity Shares to CDR Lenders iii) Remuneration to Mr. Bhavesh Gandhi (DIN: 00030623), Executive Vice-Chairman of the Company
2013-14	September 30, 2014 at 12.00 noon.	Yes To authorize creation of charge on, mortgage of all immovable assets of the Company and/ or hypothecation of all movable assets, present or future, of the Company for securing Financial Assistance availed by the Company.

All the above Annual General Meetings were held at Pipavav Port, Post Ucchayya, Via-Rajula, Dist. Amreli, Pin 365 560, Gujarat, India.

Corporate Governance Report

Extra ordinary General Meeting (EGM)

An EGM of members was held on March 20, 2017 at 4.00 p.m. at Pipavav Port, Post Uchhaiya, Via-Rajula, Dist. Amreli, Pin 365 560, Gujarat to pass the following Resolutions:

Sr No	Resolution Type (Ordinary/Special)	Particulars of Resolutions
1	Special	Re-classification of the Authorized Share Capital of the Company, with consequential amendments in the Memorandum of Association
2	Special	Issue of Equity Shares aggregating upto ₹ 595 crore to CDR Lenders
3	Special	Issue of Equity Shares aggregating upto ₹ 60 crore to Non-CDR Lenders
4	Special	Issue of 0.10% Compulsorily Redeemable Preference Shares ('CRPS') aggregating upto ₹ 2,300 crore
5	Special	Issue of Secured Non Convertible Debentures aggregating up to ₹ 250 crore
6	Special	Alteration of Articles of Association of the Company
7	Special	Approval for availing loan with an option to convert into Equity Shares of the Company

Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2016-17.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing of a special resolution through postal ballot.

IX. Means of Communication

a. Quarterly Results:

Quarterly Results are published in Financial Express, English newspaper circulating substantially the whole of India and in Saurashtra Samachar, Gujarati vernacular newspaper and are also posted on the Company's website: http://www.reliancedefence.co/financial_results.html.

b. Media Releases and Presentations:

Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

c. Website:

The Company's website contains a separate dedicated section on 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and

Annual Reports of the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as required in terms of Listing Regulations is provided on the Company's website and the same is updated regularly.

d. Annual Report:

The Annual Report containing, inter alia, Notice of Annual General Meeting, Audited Annual Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company e-mails the soft copies of the Annual Report to all those members whose e-mail IDs are available with the Registrar and Transfer Agents.

e. NSE-National Electronic Application Processing System (NEAPS):

The NEAPS is a web based system designed by NSE for corporates. The shareholding pattern, corporate governance report, corporate announcements, media results, etc. are also filed electronically on NEAPS.

f. BSE Corporate Compliance and Listing Centre ("Listing Centre"):

The Listing Centre is web based application designed by BSE for corporate. The Shareholding Pattern, Corporate Governance Report, Corporate Announcement, Media Release etc. are also filed electronically on the Listing Centre.

g. Unique Investor helpdesk:

Exclusively for investor servicing, the Company has set up unique investor Help Desk with multiple access modes as under:

Toll free no. (India): 1800 4250 333

Telephone nos. : +91 40 6716 1500

Fax no. : +91 40 6716 1791

Email: evoting@karvy.com

Post your request: <http://kcpl.karvy.com/adag>

h. Designated email-id:

The Company has also designated email-Id: rdel.investor@relianceada.com exclusively for investor servicing.

i. SEBI Complaint Redressal System (SCORES):

The investors' complaints are also being processed through the centralized web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

X. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this annual report and includes discussions on various matters specified under Listing Regulations.

XI. Subsidiaries

The Company does not have any material non-listed Indian subsidiary company.

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed periodically by the Audit Committee of the Company.
- Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
- Review of Risk Management process by the Risk Management Committee and
- The Company has formulated policy for determining material subsidiaries which is posted on Company's website viz: http://www.reliancedefence.co/corporate_governance.html.

XII. Disclosures

- There has been no non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

b. Related Party Transactions

During the financial year 2016-17, no transactions of material nature have been entered into by the Company that may have a potential conflict with the interests of the Company. The details of related party transactions are disclosed in Notes to Accounts.

c. Accounting Treatment

In preparation of the financial statements, the Company has followed the Accounting Standards as prescribed under section 133 of the Companies Act 2013, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. Code of Conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website at web link: http://www.reliancedefence.co/corporate_governance.html. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Chief Executive Officer of the Company is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management of the Company for the year 2016-17."

Sd/-

Cmde (Retd) Kartik Subramaniam

Whole-Time Director and Chief Executive Officer

e. CEO and CFO certification

Cmde (Retd) Kartik Subramaniam, Whole-time Director and Chief Executive Officer and Shri Madan Pendse Chief Financial Officer of the Company have provided certification on financial reporting and internal controls to the Board as required under Regulation 17 of the Listing Regulations.

f. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the Annual Accounts for the year ended March 31, 2017 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XIII. Policy on prohibition of insider trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading and code for fair disclosure of Unpublished Price Sensitive Information ('Code') in accordance with the guidelines specified under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board has appointed Shri Ajit Dabholkar, Corporate Counsel and Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter-alia, prohibits purchase and/or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website.

Corporate Governance Report

XIV. Compliance of Regulation 34(3) read with Para F of Schedule V the Listing Regulations

As per Regulation 34(3) and Para F of Schedule V of Listing Regulations, the details in respect of equity shares lying in "Unclaimed Suspense Account - Reliance Defence and Engineering Limited" were as follows:

Sr. No.	Particulars	No of shareholders	No of shares
1	Aggregate number of shareholders and the outstanding shares lying in the suspense account as on April 1, 2016	14	3577
2	Number of undelivered folios and shares were transferred to Unclaimed suspense account during the year 2016-17.	Nil	Nil
3	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	Nil	Nil
4	Number of shareholders to whom shares were transferred from suspense account during the year.	Nil	Nil
5	Aggregate number of shareholders and the outstanding shares lying in the suspense account as on March 31, 2017.	14	3577

The voting rights on the shares outstanding in the suspense account as on March 31, 2017, shall remain frozen till the rightful owners of such shares claim the shares.

Wherever the shareholders have claimed the shares, after proper verification, the share certificates were dispatched to them or the shares were credited to the respective beneficiary account.

XV. Compliance with discretionary requirements

1. The Board

Our Chairman is a non-executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2. Audit qualifications

There are no audit qualifications on the financial statement of the Company for the financial year 2016-17.

3. Separate posts of Chairman and CEO

The Company has appointed Cmde (Retd) Kartik Subramaniam as CEO of the Company. Thus Company maintains separate posts of Chairman and CEO.

4. Reporting of Internal Auditors

The Internal Auditors directly report to the Audit Committee of the Company.

XVI. General shareholder information

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Auditor's certificate on corporate governance

The Auditors' certificate on compliance of Regulation 34(3) Listing Regulations relating to corporate governance is published elsewhere in this report.

Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Defence, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

DECLARATION OF CHIEF EXECUTIVE OFFICER

Pursuant to provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I Cmde (Retd.) Kartik Subramaniam, Chief Executive Officer of Reliance Defence and Engineering Limited, hereby declare that all the Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the financial year 2016 – 17.

sd/-

Cmde (Retd.) Kartik Subramaniam
Chief Executive Officer

Place: Mumbai
Date: April 11, 2017

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER - CERTIFICATION

We, Cmde (Retd.) Kartik Subramaniam, Chief Executive Officer and Madan Pendse, Chief Financial Officer of Reliance Defence and Engineering Limited ("the Company") to the best of our knowledge and belief and based upon records maintained by the Company, enquiries made by us and information provided to us, certify that:

- a. We have reviewed financial statements and the cash flow statement for the financial year 2016-17 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2016-17 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
 - i. significant changes in internal control over financial reporting, if any, during the financial year 2016-17;
 - ii. significant changes, if any, in accounting policies during the financial year 2016-17 and that the same have been disclosed in the notes to the financial statements; and
 - iii. during the financial year 2016-17 there were no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

sd/-

Cmde (Retd.) Kartik Subramaniam
Chief Executive Officer

sd/-

Madan Pendse
Chief Financial Officer

Place: Mumbai
Date : April 11, 2017

CERTIFICATE ON CORPORATE GOVERNANCE

**TO,
THE MEMBERS
RELIANCE DEFENCE AND ENGINEERING LIMITED
(Formerly known as Pipavav Defence and Offshore Engineering Company Limited)**

We have examined the compliance of conditions of Corporate Governance by **Reliance Defence and Engineering Limited** (the company), for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

MANAGEMENTS' RESPONSIBILITY

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

AUDITOR'S RESPONSIBILITY

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017 except the chairman of the Audit Committee could not attend the Annual General Meeting for the reasons explained in the Corporate Governance Report.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

sd/-
Gyandeo Chaturvedi
Partner
Membership No. 46806

Place: Mumbai,
Date: April 11, 2017

Investor Information

Important Points

Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc;
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/ split/ consolidation/ merger, etc.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

Submit Nomination Form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares held in dematerialised form.

Form may be downloaded from the Company's website, www.reliancedefence.co under the section "Investor Relations".

However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediaries so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split / bonus etc. in electronic form by providing their demat account details to Company's RTA.

Register e-mail address

Investors should register their email address with the Company/ Depository Participants. This will help them in receiving all communication from the Company electronically at their email address. This also avoids delay in receiving communications from the Company.

Prescribed form for registration may please be downloaded from the Company's website.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance charges if the value of holding is up to ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated August 27, 2012).

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The 20th Annual General Meeting (AGM) of the Company will be held on Tuesday, August 22, 2017 at 11.00 A.M. at the Registered office of the Company at Pipavav Port, Post Uchchaya, Via-Rajula, Dist Amreli 365 560.

E-voting

The Members can cast their vote online from 10.00 A.M. on August 18, 2017 to 5.00 P.M. on August 21, 2017.

Financial year of the Company

The financial year of the Company is from April 1 to March 31 every year.

Website

The Company's website www.reliancedefence.co contains a dedicated section called "Investor Relations". It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended to our investors.

Dedicated email id for investors

For the convenience of our investors, the Company has designated an email id i.e. rdel.investors@relianceada.com for investors.

Registrar and Transfer Agents (RTA)

Karvy Computershare Private Limited
(Unit: Reliance Defence and Engineering Limited)
Karvy Selenium Tower – B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad – 500 032.
Tel : +91 40 6716 1500
Fax : +91 40 6716 1791
Toll Free No. (India): 1800 4250 999
Email: ris.rdel@karvy.com
Post your request: <http://kcpl.karvy.com/adag>

Investor Information

Shareholders/Investors are requested to forward share transfer documents, dematerialisation requests through their Depository Participant (DP) and other related correspondence directly to the Company's RTA at the above address for speedy response.

Dividend announcements

The Board of Directors of the Company does not recommend any dividend for the financial year 2017.

Shareholding Pattern

Sr. No.	Category	As on 31.03.2017		As on 31.03.2016	
		Number of Shares	%	Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group				
	(i) Indian	22,64,53,025	30.76	22,01,03,025	29.90
	(ii) Foreign	0.00	0.00	0	0.00
	Sub Total (A)	22,64,53,025	30.76	22,01,03,025	29.90
(B)	Public shareholding				
	(i) Institutions:				
	Insurance Companies	5,84,65,899	7.94	5,84,65,899	7.94
	Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI)	3,37,35,230	4.58	3,20,46,044	4.35
	Mutual Funds /UTI	0	0.00	3,050	0.00
	Financial Institutions/Banks	1,44,04,522	1.96	1,59,03,327	2.16
	Others			0	0.00
	(ii) Non-institutions	40,31,47,593	54.76	40,96,84,924	55.64
	Sub Total (B)	50,97,53,244	69.24	51,61,03,244	70.10
(C)	Shares held by Custodian and against which Depository Receipts have been issued -	0	0	0	0.00
	Sub Total (C)	0	0	0	0
(D)	ESOS Trust	0.00	0.00	0	0.00
	Sub Total (D)	0.00	0.00	0	0.00
	GRAND TOTAL (A) + (B) + (C) + (D)	73,62,06,269	100.00	73,62,06,269	100.00

Distribution of shareholding

Number of Shares	No. of Shareholders as on 31.03.2017		Total equity shares as on 31.03.2017		No. of Shareholders as on 31.03.2016		Total equity shares as on 31.03.2016	
	Number	%	Number	%	Number	%	Number	%
1 to 500	106,221	81.31	1,75,19,869	2.38	87,299	83.76	1,36,52,357	1.85
501 to 5,000	22,309	17.08	3,15,89,151	4.29	15,487	14.86	2,10,56,791	2.86
5,001 to 1,00,000	1,997	1.53	3,13,91,160	4.26	1,353	1.30	2,20,77,367	3.00
Above 1,00,000	101	0.08	65,57,06,089	89.07	82	0.08	67,94,19,754	92.29
Total	130,628	100.00	73,62,06,269	100.00	1,04,221	100.00	73,62,06,269	100.00

Dematerialization of shares

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE542F01012. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

Status of dematerialization of Shares

As on March 31, 2017, 99.99 per cent of the Company's equity shares are held in dematerialised form.

Share transfer system

Shareholders/investors are requested to send share certificate(s) along with the share transfer deed in the prescribed form SH-4 duly filled in, executed and affixed with the share transfer stamp(s), to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by the Company's RTA.

Reliance Defence and Engineering Limited

Investor Information

Investors' grievances attended

Received From	Received during April to March		Redressed during April to March		Pending as on	
	2016-17	2015-16	2016-17	2015-16	31.3.2017	31.3.2016
Securities and Exchange Board of India	0	0	0	0	0	0
Stock Exchanges	1	0	1	0	0	0
NSDL/CDSL	0	0	0	0	0	0
Direct from investors	0	73	0	73	0	0
Total	1	73	1	73	0	0

Analysis of grievances

Particulars	Number		Percentage	
	2016-17	2015-16	2016-17	2015-16
Non-receipt of dividend warrants	0	0	0	1.37
Non-receipt of Annual Report	1	1	100	1.37
Others	0	72	0	98.63
Total	1	73	100.00	100.00

There were no complaints pending as on March 31, 2017.

Notes: Investors' queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

Shareholder Base

Shareholder base was 1,30,628 as of March 31, 2017 and 1,04,221 as of March 31, 2016.

Equity History

Sr. No.	Date of Allotment	Mode/Reason of Allotment	Issue Price per Equity shares ₹	No of shares issued	Cumulative Number of Shares
1	October 17, 1997	Allotted upon Incorporation	10	700	700
2	October 26, 1999	Preferential allotment	10	30,155,500	30,156,200
3	August 30, 2000	Preferential allotment	10	7,393,800	37,550,000
4	July 31, 2003	Preferential allotment	10	30,200,000	67,750,000
5	September 5, 2003	Preferential allotment	10	10,000,000	77,750,000
6	March 15, 2005	Preferential allotment	10	122,250,000	200,000,000
7	September 14, 2006	Preferential allotment	10	17,210,000	217,210,000
8	March 8, 2007	Preferential allotment	10	45,900,000	263,110,000
9	March 29, 2007	Preferential allotment	10	26,610,000	289,720,000
10	May 28, 2007	Allotment pursuant to conversion of optionally convertible cumulative preference shares	10	4,520,000	294,240,000
11	June 25, 2007	Preferential allotment	10	25,000,000	319,240,000
12	September 17, 2007	Preferential allotment	10	129,361,538	448,601,538
13	September 27, 2007	Preferential allotment	10	23,000,000	471,601,538
14	October 15, 2007	Allotment pursuant to conversion of convertible bonds	10	40,000,000	511,601,538
15	November 7, 2007	Preferential allotment	10	46,500,000	558,101,538
16	November 30, 2007	Preferential allotment	10	4,700,000	562,801,538
17	December 6, 2007	Preferential allotment	10	300,000	563,101,538
18	December 24, 2007	Preferential allotment	10	4,150,000	567,251,538
19	January 10, 2008	Preferential allotment	10	11,696,850	578,948,388
20	January 31, 2008	Preferential allotment	10	500,000	579,448,388
21	March 24, 2008	Preferential allotment	10	245,000	579,693,388
22	April 17, 2008	Preferential allotment	10	253,400	579,946,788
23	May 19, 2008	Preferential allotment	10	60,375	580,007,163

Investor Information

Sr. No.	Date of Allotment	Mode/Reason of Allotment	Issue Price per Equity shares ₹	No of shares issued	Cumulative Number of Shares
24	August 5, 2008	Preferential allotment	10	341,000	580,348,163
25	October 1, 2009	Initial Public Offer	10	85,450,225	665,798,388
26	November 14, 2011	Conversion of CCD	10	25,400,000	691,198,388
27	August 27, 2012	Conversion of Convertible Warrants	10	10,000,000	701,198,388
28	May 13, 2013	Conversion of Warrants	10	10,500,000	711,698,388
29	May 27, 2013	Preferential allotment	10	24,507,881	736,206,269
Total Number of Shares as on March 31, 2017				736,206,269	736,206,269

Stock Price and Volume

Month	BSE Limited			National Stock Exchange of India Limited		
	High	Low	Volume	High	Low	Volume
	₹	₹	Nos.	₹	₹	Nos.
April 2016	70.55	64.15	7,675,420	70.70	64.75	2,67,67,929
May 2016	70.00	57.10	8,274,765	70.20	57.10	2,92,03,229
June 2016	68.00	58.60	12,549,293	67.95	58.05	3,97,01,625
July 2016	70.40	62.80	10,565,563	70.35	62.70	4,05,77,514
August 2016	72.85	62.80	7,254,443	73.00	63.00	2,71,63,878
September 2016	71.40	55.00	24,406,921	71.40	54.60	10,92,56,703
October 2016	63.75	56.60	9,517,624	63.90	56.45	3,66,39,965
November 2016	60.65	48.40	5,604,694	60.65	48.30	1,71,85,155
December 2016	57.40	51.90	30,054,784	57.45	51.80	1,89,71,672
January 2017	63.00	55.05	7,455,069	63.00	55.05	2,44,84,390
February 2017	65.35	57.40	13,419,135	65.45	57.00	4,67,52,702
March 2017	69.90	57.80	1,80,16,187	69.90	57.75	6,55,90,818

Stock Exchange listings

The Company's equity shares are actively traded on BSE Limited and National Stock Exchange of India Limited.

Listings on Stock Exchanges

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400001
Website : www.bseindia.com

National Stock Exchange of India Limited

Exchange Plaza
Plot No C /1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Website : www.nseindia.com

Stock Codes

BSE Limited	533107
National Stock Exchange of India Limited	RDEL
ISIN for equity shares	INE542F01012

Payment of Listing Fees and Depository Fees

Annual Listing fees for the year 2016-17 have been paid by the Company to the stock exchanges.

Share Price Performance in comparison with broad based indices – BSE Sensex and NSE Nifty

	RDEL (per cent)	Sensex BSE (per cent)	Nifty NSE (per cent)
2016-17	-1.03	16.88	18.55
2 years	17.48	5.95	8.04
3 years	89.83	32.32	36.84

Key Financial Reporting Dates for the Financial Year 2017-18

Unaudited results for the first quarter ending June 30, 2017 : On or before August 14, 2017
the second quarter/half year ending September 30, 2017 : On or before November 14, 2017
the third quarter/nine months ending December 31, 2017 : On or before February 14, 2018
Audited results for the financial year 2017-18 : On or before May 30, 2018

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai, 400 001 website: www.cdslindia.com.

Reliance Defence and Engineering Limited

Investor Information

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter except last quarter during the year under review. The last quarter financial results of the Company were announced within 60 days of the end of the year. The Company's media releases and details of significant developments are made available on the Company's website: www.reliancedefence.co. These are also published in leading newspapers.

Reconciliation of share capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital. The said certificate, duly certified by a qualified Company Secretary / Chartered Accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investor correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondences directly to Karvy Computershare Private Limited at the below mentioned address for speedy response:

Karvy Computershare Private Limited
(Unit: Reliance Defence and Engineering Limited)
Karvy Selenium Tower – B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032.
Email: rdel.investors@relianceada.com

Shareholders/Investors can also send the above correspondence to the Compliance Officer of the Company at the following address:

Corporate Counsel & Company Secretary
Reliance Defence and Engineering Limited
Address H Block,
1st Floor,
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Telephone: +91 22 3303 8060
Fax : +91 22 33033662
Email: rdel.investors@relianceada.com

Site Locations

- a) Pipavav Port, Post Ucchayia, Via-Rajula, District Amreli – 365 560, Gujarat
- b) Village Rampara – II, Taluka Rajula & Village Lunsapur, Taluka Jafrabad, District Amreli – 365 560, Gujarat

Business Responsibility Report

Section A: General Information about the Company

Corporate Identity Number	L35110GJ1997PLC033193
Name of the Company	Reliance Defence and Engineering Limited
Registered Address	Pipavav Port, Post Ucchaiya, Via-Rajula Dist. Amreli 365 560 Gujarat
Website	www.reliancedefence.co
E-mail ID	rdel.investors@relianceada.com
Financial Year reported	2016-17
Sector(s) that the Company is engaged in (industrial activity code-wise)	Ship Building and Fabrication (Industrial Group 301 as per National Industrial Classification of the Ministry of Statistics and Programme Implementation)
List three key products / services that the Company manufactures / provides (as in balance sheet)	The Company is engaged in business of shipbuilding, repair and fabrication. Inter-alia considering nature of production process and infrastructure facilities used, there are no other reportable segment.
Total number of locations where business activity is undertaken by the Company	
Number of international locations	NIL
Number of national locations	Two
Markets served by the Company	International and Domestic

Section B: Financial Details of the Company

Paid up Capital	₹ 73,620.63 lakh
Total Turnover	₹ 56,414.44 lakh
Total Profit/(Loss) After Tax	₹ (52,342.57) lakh
Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	During the last three financial years the Company has incurred losses. Hence the Company is not mandatorily required to incur expenses on CSR.
List of activities in which expenditure as above has been incurred	Not Applicable

Section C: Other Company's Details

Does the Company have any Subsidiary Company / Companies	The Company has six subsidiary companies including one overseas subsidiary as on March 31, 2017
Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company?	Yes
Do any other entity / entities (suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	Yes. The Company encourages its associates, vendors, to participate in the Company's Business Responsibility initiatives. At present, around 25-30% of such entities participates in the Company's BR initiatives

Reliance Defence and Engineering Limited

Business Responsibility Report

Section D: Business Responsibility Information

1. Details of Director / Directors responsible for BR	
Details of the Director / Directors responsible for implementation of the business responsibility policy / policies	BR function is monitored by the Corporate Social Responsibility (CSR) Committee of the Board of Directors. The details of the Composition of the CSR Committee are provided in the Corporate Governance Report.
Details of the business responsibility Head	<p>The Board has not assigned responsibilities specifically to any Director to function as the BR head. The CSR Committee of the Company is under the Chairmanship of Shri Rahul Sarin.</p> <p>The details of Shri Rahul Sarin are as follows: Name : Shri Rahul Sarin DIN : 02275722 Designation : Independent Director Telephone No. : 02794 305 084 Email ID : sarinrahul@yahoo.com</p> <p>The Key Managerial Persons of the Company who are responsible in general for BR Activities of the Company are as follows: Name : Cmde (Retd) Kartik Subramaniam DIN : 01957227 Designation : Whole-time Director and Chief Executive Officer Telephone No. : 022 3303 8221 Email ID : kartik.subramaniam@relianceada.com</p> <p>Name : Shri Madan Pendse Designation : Chief Financial Officer Telephone No. : 022 3303 8085 Email ID : madan.pendse@relianceada.com</p> <p>Name : Shri Ajit Dabholkar Designation : Corporate Counsel & Company Secretary Telephone No. : 022 3303 8353 Email ID : ajit.dabholkar@relianceada.com</p>

2. Principle-wise BR policy - As per National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
 P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
 P3 Businesses should promote the wellbeing of all employees.
 P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
 P5 Businesses should respect and promote human rights.
 P6 Business should respect, protect, and make efforts to restore the environment.
 P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
 P8 Businesses should support inclusive growth and equitable development.
 P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of Compliance (Reply in Y/N)

Sr No	Questions	P	P	P	P	P	P	P	P	
		1	2	3	4	5	6	7	8	9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes specify (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct is available on the Company's website: http://www.reliance defence.co/corporate_governance.html								

Business Responsibility Report

7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies have been communicated to the stakeholders by uploading on the Company's above mentioned website
8	Does the company have in-house structure to implement the policy/ policies?	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The Board has set up a Committee to address the grievances of the stake holders, debenture holders and other persons holding securities in the Company as required under the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also set up a vigil mechanism to address the genuine concerns, of any of the directors and employees.
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. The Vigil Mechanism is reviewed by the Audit Committee of the Board annually.

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The senior management of the Company reviews BR performance on an on-going basis. The Board/Committees constituted by it review the same annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company published BR Report annually, The hyperlink for viewing the report: http://www.reliancedefence.co/corporate_governance.html

Section E: Principle-wise Performance

Principle 1

Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs /Others?

Yes, matters of accountability, transparency and ethical conduct are an integral part of the Company's value system. The Company's corporate governance principles are anchored on these three elements of its value system. There is a defined set of inter-woven policies and guidelines which are put in place and applicable to both the employees and directors.

The policy takes into account the feedbacks and periodic reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and other stakeholders. Apart from the Company, the scope includes its Subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the year ended March 31, 2017, the Company has received, both directly as also through the Regulating agencies such as SEBI, the Stock Exchanges, only one complaint which have been satisfactorily resolved and no complaint were pending / unresolved as on March,31, 2017.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is engaged in the business of Shipbuilding, Repairs and Fabrication. As such the Company has only one product, which has been designed to incorporate social or environmental concerns as well as benefit from the available opportunities.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company is committed to sustainable economic development. We have embedded the need to address the environmental

and social concerns at the design stage through selection of state-of-the-art technologies. Steps to conserve natural resources are an integral part of Company's growth strategy. As best-in-class technology is used for Shipbuilding, our operations are designed to reduce the consumption of natural resources such as fuel and water.

The Company recognizes the critical need for inclusive growth. Our Plants are in economically backward regions of India. Proactive engagement with local community is maintained. Various programmes in education, healthcare, women empowerment, skill, livelihood development and infrastructure have been implemented/are under implementation with active participation of local communities

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company is engaged in the business of construction, repair, refit and refurbishment of various vessels / ships of different size, usages and levels of complexities. The construction period of vessels / ships is spread over in more than one financial year. In view of the same, it is not possible to ascertain / admeasure reduction of energy / water usages by consumption over earlier years.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, The Company has defined processes and procedures in place for sustainable sourcing. Ample care has been taken at the design stage to incorporate the desired processes to integrate and internalize the ethos of sustainable sourcing and optimum utilization of resources including the critical ones like power and water. Adoption of cleaner technologies further reduces the consumption of fuel and water requirement for operations.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company believes in inclusive development and has been promoting the same by encouraging small and local vendors and extending them preference over others while awarding the contracts. Local vendors are encouraged for supply of construction material, as civil contractors, for transportation related jobs apart from sourcing for support services like employee transportation, raw materials required for cafeteria etc.

For skill development and vocational training for local youth, the Company sponsors various courses in Industrial Training Institutes located in villages in the vicinity of its project sites.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Sr No	Product / Waste Recycling	% age of re-use / recycling	Details
1	Hazardous waste	100%	Through authority recycles
2	Effluent	100%	Treated effluent is re-used

Principle 3

Businesses should promote the well being of all employees

1.	Total number of employees	472
2.	Total number of employees hired on temporary / contractual /casual basis	1,548
3.	The number of permanent women employees	16
4.	The number of permanent employees with disabilities	2
5.	Do you have an employee association that is recognized by management	No
6.	What percentage of your permanent employees is members of this recognized employee association?	NA
7.	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the year	

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / forced Labour / involuntary	The Company does not hire child labour, forced labour or involuntary labour. No Compliant.	Not Applicable
2	Sexual harassment	No Complaints received	Not Applicable
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year.

Permanent Employees	100 per cent
Permanent Women Employees	100 per cent
Casual/Temporary/Contractual Employees	100 per cent
Employees with Disabilities	100 per cent

Principle 4

Businesses should respect the interests of, and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?

Yes, The Company has mapped its internal as well as external stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders.

The Company has identified the vulnerable and marginalized stakeholder groups in a structured manner and has established multiple channels of communication both formally and informally to engage with them at a predetermined frequency.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company engages with stakeholders through multiple channels of communication both formally and informally and developed internal systems and procedures to identify, prioritize and address needs and concerns of stakeholders at various levels. The focus is to touch lives and transform lives through concentrated efforts under the key thematic areas of Education, Healthcare, Rural Transformation, and two cross-cutting themes namely, the Environment and the Swaach Bharat Abhiyan. This includes focus on:

- a. Women empowerment through promoting women based groups and focused initiatives including skilling and livelihood.
- b. For Skill development and vocational training for local youth, the Company sponsors various courses in Industrial Training Institutes with a mandate to orient and equip them with the job requirements.
- c. Creation of Cooperative Societies.
- d. Focus on sanitation across community as well as private places including schools, community places like markets, community halls etc.
- e. Promoting resource sufficiency for clean drinking water, clean air and green ecosystem.

Principle 5

Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

It is widely believed that governments have a duty to protect human rights. Policies of the Company cover the human rights of its employees and others associated with it for operation of its plants. No complaints have been received in the past financial year on human rights.

The company has a policy which covers human rights of employees of the subsidiary companies also. The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaint was received.

The policy of the Company on human rights covers not only the Company, but also extends to the Subsidiaries, Suppliers and Contractors. The Company is committed to comply with all human rights, practices across all group companies, JVs and other stakeholders associated with the Company. During the year under review, no such complaints were received.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint relating to violation of Human Rights was received during the year under review.

Principle 6

Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs /others.

Yes, the policy of the Company on environment covers not only the Company, but also its subsidiaries and others. The Company is committed to achieving an excellence in environmental performance, preservation and promotion of clean environment and also actively encourages business partners like suppliers, contractors, etc. to preserve and promote environment.

Business Responsibility Report

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

At the Company, preservation and promotion of environment is of fundamental concern in all its business activities. The Company is committed to delivering reliable and quality products and services to its consumers at competitive costs and is conscious of its responsibility towards creating, conserving and maintaining safe and clean environment for sustainable development.

3. Does the company identify and assess potential environmental risks?

Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.

The Company has taken several initiatives to address long term climate change challenges and environmental management. Some of the initiatives are as under:

Deploying best in class ship building technology. This aids in reducing the consumption of fuel and water required for operations, thereby conserving precious natural resources and contributing towards a greener and healthier environment.

The processes and systems of the Company relating to design, development, construction, repairs, maintenance and overhaul of ships & offshore structures are in conformity with Environmental Management System Standard: ISO 14001:2004.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of the following trade and industry associations.

- a. Bombay Chamber of Commerce and Industry
- b. Indian Shipbuilders Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company does undertake constructive advocacy with Central as well as State level entities to positively contribute and influence the development of Defence sector. As an organization we do not engage in any form of lobbying.

Principle 8

Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.

In view of adverse financial results of the Company during the three preceding financial years, the Company is mandatorily not required to spend on Corporate Social Responsibility.

The Company focuses on three key thematic areas – Education, Healthcare and Rural Transformation and two cross-cutting themes which cut across all our social endeavors that is Environment Protection and Swachh Bharat Abhiyan (Sanitation).

The organization focuses on its endeavor to bring about a tangible change in the lives of people living in rural areas in the vicinity of project sites of the Company.

Business Responsibility Report

2. Are the programmes/projects undertaken through in-house team/own foundation / external NGO / government structures /any other organization?

The Company's efforts, mentioned in the programmes specified under principle (8) above are implemented through delivery mechanisms comprising of employees, local bodies, not-for-profit entities and government Institutions to mention a few. The interventions are carried out in tandem with the Government bodies to meet the end objective. The execution of the programs under the thematic heads Education, Healthcare, Rural Transformation, Environment and Sanitation are carried out with the support from independent organizations, Institutions apart from implementation through respective functional teams. Employee volunteering also acts as a critical implementing arm. Employee volunteers and their contribution towards meeting our CSR mandate on a sustained basis, has enabled us not only to inculcate the tenets but also ensure sustainability and continuous support to our CSR objectives.

3. Have you done any impact assessment of your initiative?

The Company calls for continuous feedback on our program implementation from our stakeholders which feed into improving the quality of delivery of our programs within the earmarked communities. We have initiated an impact assessment for our endeavours for learning's from the assessment are being redeployed in order to bring out desired results.

4. What is your company's direct contribution to community development projects? Provide the Amount in INR and the details of the projects undertaken.

In view of adverse financial results of the Company during the three preceding financial years. The Company is mandatorily not required to spend on Corporate Social Responsibility.

The CSR projects of the Company are directly intended towards improving the quality of life of community with well designed strategies of replicability, scalability and sustainability.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

Engagement of the community is paramount for sustaining any community development program on ground. We ensure engagement of the community at the very planning stage and thereafter induct them at the implementation level. This not only ensures acceptance of the programme on ground but also its continuity and sustainability.

We believe our role as Enablers can promote dynamic development by creating synergies with our partners in growth and success. We are committed to augment the overall economic and social development around the local communities where we operate by discharging our social responsibilities in a sustainable manner. The interventions have been aligned with that of the government directives both at the local as well as the state level. We have been working in the direction of creating meaningful partnerships through series of engagements and transparency in our processes across board. This is undertaken by initiating meaningful grassroots participation with local bodies/institutions.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?

The Company's customers are large corporate houses, corporations or ministry of the Central Government. During the year under review the Company has not received any Complaints from its customers other than normal claims during the guarantee / warranty period.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

No cases have been filed by any stakeholders against the Company regarding unfair trade practices during the year under review.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

No. The Company, however, ensure that complaints, if any, received from any stakeholders are promptly attended to.

Financial Statements

Independent Auditor's Report

To the Members of Reliance Defence and Engineering Limited (Formerly known as Pipavav Defence and Offshore Engineering Company Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **RELiance DEFENCE AND ENGINEERING LIMITED** (FORMERLY KNOWN AS PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED) ("the Company"), which comprise the Balance sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind-AS 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 standalone 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 (Indian GAAPs), including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act.

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS

financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

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

Emphasis of Matter

We draw attention to the note no. 28.1 regarding managerial remuneration paid to the executive director which is in excess of the limits prescribed in the Act. The company has applied to the Central Government for necessary approval which is awaited.

Our opinion is not modified in respect of this matter.

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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 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

Independent Auditor's Report on Standalone Financial Statements

read with Notification no. G.S.R. 307 (E) dated 30th March 2017, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as referred to in Note No. 32(c) to the standalone Ind AS financial statements;
- ii. The Company has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided the requisite disclosures regarding to holdings as well as

dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of accounts maintained by the company. Refer to Note No 9.1 of Standalone Financial Statements.

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

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn. No: 107783W

Gyandeo Chaturvedi

Partner
Membership No. 46806

Place: Mumbai

Date: April 11, 2017

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 (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **RELIANCE DEFENCE AND ENGINEERING LIMITED** (FORMERLY KNOWN AS PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED) ('the Company') as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 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 issued by the ICAI and the Standards of 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 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, to the best of our information and according to the explanations given to us, 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 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn. No: 107783W

Gyandeo Chaturvedi

Partner
Membership No. 46806

Place: Mumbai

Date: April 11, 2017

Reliance Defence and Engineering Limited

Annexure - B to Independent Auditor's Report

(Referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of RELIANCE DEFENCE AND ENGINEERING LIMITED on the standalone Ind AS financial statements for the year ended 31st March, 2017)

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company doesn't have any freehold immovable properties. As informed to us, in respect of leasehold immovable properties the original title deeds have been deposited with the lenders, we have been produced the photocopy of the title deeds of these leasehold immovable properties and based on such documents, the title deeds are held in the name of the Company.
 - ii. As explained to us, inventories have been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. Discrepancies noticed on physical verification of the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company and the same have been properly dealt with.
 - iii. In respect of loans, secured or unsecured, granted by the company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act:
 - a. The company has granted unsecured loans to wholly owned subsidiary companies, and in our opinion, the rate of interest and other terms and conditions on which the loans had been granted are not, prima facie, prejudicial to the interest of the Company
 - b. As per the information and explanations given to us, the above loans are repayable on demand along with the interest accrued thereon. The repayment / receipts, if any, demanded have been received.
 - c. As the above loans are repayable on demand, the question of overdue amount does not arise.
 - iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities.
 - v. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of paragraph 3 (v) of the CARO 2016 are not applicable to the Company.
 - vi. According to the information and explanations given to us, the Central Government has not prescribed the cost records to be maintained under sub-Section (1) of Section 148 of the Act in respect of activities carried on by the Company. Therefore the provisions of paragraph 3(vi) of the CARO 2016 are not applicable to the Company.
 - vii. According to the information and explanations given to us in respect of statutory dues:
 - a. The company has been generally regular in depositing undisputed statutory dues, including provident fund, income tax, service tax, duty of customs, duty of excise, cess, sales – tax, value added tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- b. Details of dues of Income tax and Duty of Excise aggregating to ₹ 3,935.40 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Name of the Statutes	Nature of the Dues	Period to which it relates	Amounts (₹ in Lacs) (*)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2007-08 to 2008-09	3,349.23	Income Tax Appellate Tribunal
		2012-13	37.60	CIT
CENVAT Credit Rules, 2004	Central Excise Penalty	2010-11 to 2014-15	548.57	Commissioner of Central Excise
		Total	3935.40	

(*) Net of amount deposited under protest

Annexure - B to Independent Auditor's Report

viii. Based on our audit procedures and information and explanations given by the management, and considering the Corporate Debt Restructuring (CDR) scheme, we are of the opinion that as on 31st March, 2017 the Company has defaulted in repayment of loans to banks and financial institutions aggregating to ₹ 19,463.24 Lacs. Lender wise details of such default are as under:

(Rs. in Lacs)

Sr. No.	Bank / Financial Institution	Amount of default as at the balance sheet date	Period of default
1	Bank of Maharashtra	133.26	Less than 60 Days
2	Central Bank of India	807.14	Less than 60 Days
3	Corporation Bank	399.06	Less than 60 Days
4	EXIM	511.38	Less than 60 Days
5	HUDCO	13,471.53	More than 60 days
6	IDBI Bank	976.47	Less than 60 Days
7	IIFCL UK	127.56	Less than 60 Days
8	Jammu and Kashmir Bank	397.67	Less than 60 Days
9	Karnataka Bank Limited	54.78	Less than 60 Days
10	Karur Vysya Bank	54.48	Less than 60 Days
11	LIC of India	133.61	Less than 60 Days
12	Oriental Bank of Commerce	105.63	Less than 60 Days
13	Punjab National Bank	220.93	Less than 60 Days
14	UCO Bank	133.56	Less than 60 Days
15	Union Bank of India	1,021.75	Less than 60 Days
16	United Bank of India	144.34	Less than 60 Days
17	Vijaya Bank	36.62	Less than 60 Days
18	Yes Bank	733.47	Less than 60 Days
Total		19,463.24	

ix. According to the information and explanations given to us, the term loans raised during the year were, prima facie, been applied for the purpose for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

x. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and on the basis of information and explanations given by the management, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations give to us and based on our examination of the records the Company has paid ₹ 107.03 Lacs to the executive director of the Company, which was in excess of remuneration as prescribed in the Schedule V to the Act. The Company has applied the requisite approval from the Central Government mandated by the provisions of section 197 read with Schedule V, which is awaited.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of paragraph 3 (xii) of the CARO 2016 are not applicable to the Company.

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 etc. as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of paragraph 3 (xiv) of the CARO 2016 are not applicable to the Company.

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. Therefore, the provisions of paragraph 3 (xv) of the CARO 2016 are not applicable to the Company.

In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Gyandeo Chaturvedi

Partner
Membership No. 46806

Place: Mumbai

Date: April 11, 2017

Reliance Defence and Engineering Limited

Balance Sheet as at March 31, 2017

				₹ in Lacs	
Particulars	Notes	As at March 31, 2017	As at March 31, 2016		
I ASSETS					
(1) Non Current Assets					
Property, Plant and Equipment	2	506,179.77	526,011.72		
Capital Work in Progress	2	401,457.08	366,860.13		
Intangible Assets	2	187.32	312.25		
Intangible Assets under Development	2	9,505.83	8,115.47		
		<u>917,330.00</u>	<u>901,299.57</u>		
Financial Assets					
Investments	3	2,087.00	2,087.00		
Other Financial Assets	4	1,259.84	2,596.75		
		<u>3,346.84</u>	<u>4,683.75</u>		
Deferred Tax Assets (net)	17	13,260.09	-		
Other Non Current Assets	5	31,997.69	31,915.17		
		<u>45,257.78</u>	<u>31,915.17</u>		
			965,934.62	937,898.49	
(2) Current Assets					
Inventories	6	77,538.48	61,048.03		
		<u>77,538.48</u>	<u>61,048.03</u>		
Financial Assets					
Current Investments	7	1,020.07	9.54		
Trade Receivables	8	345.02	1,098.33		
Cash and Cash Equivalents	9	3,556.08	4,398.38		
Other Bank Balances	10	8,171.15	11,220.83		
Current Loans	11	3,655.04	5,346.89		
Other Current Financials Assets	12	1,912.04	1,402.25		
		<u>18,659.40</u>	<u>23,476.22</u>		
Current Tax (net)		2,182.92	3,352.65		
Other Current Assets	13	66,878.02	50,244.92		
		<u>69,060.94</u>	<u>53,597.57</u>		
			165,258.82	138,121.82	
TOTAL ASSETS		<u>1,131,193.44</u>	<u>1,076,020.31</u>		
II EQUITY AND LIABILITIES					
(1) Equity					
Share Capital	14	73,620.63	73,620.63		
Other Equity		<u>43,427.32</u>	<u>95,840.21</u>		
			117,047.95	169,460.84	
(2) Liabilities					
Non Current Liabilities					
Financial Liabilities					
Borrowings	15	573,746.35	566,880.49		
		<u>573,746.35</u>	<u>566,880.49</u>		
Provisions	16	326.20	298.73		
Deferred Tax Liabilities (net)	17	-	5,051.51		
Other Non Current Liabilities	18	5.50	5,624.21		
		<u>331.70</u>	<u>10,974.45</u>		
			574,078.05	577,854.94	
Current Liabilities					
Financial Liabilities					
Short Term Borrowings	19	259,986.91	164,104.70		
Trade Payables	20	284.79	315.30		
(i) Due to Micro and Small Enterprise		26,510.16	26,730.14		
(ii) Due to others		77,987.78	62,821.27		
Other Current Financial Liabilities	21	364,769.64	253,971.41		
		<u>703,539.28</u>	<u>548,942.92</u>		
Other Current Liabilities	22	7,849.50	4,597.97		
Current Provisions	23	67,448.30	70,135.15		
		<u>75,297.80</u>	<u>74,733.12</u>		
			440,067.44	328,704.53	
TOTAL EQUITY AND LIABILITIES		<u>1,131,193.44</u>	<u>1,076,020.31</u>		
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 48				

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place : Mumbai
Date : April 11, 2017

for and on behalf of the Board of Directors

Anil D Ambani
S. Seth

Chairman

Cmde. (Retd.) Kartik Subramaniam

Rajendra Chitale

Comal Ramachandran Gayathri

Air Chief Marshal (Retd.)

Fali Homi Major

Lt. Gen. (Retd.) Syed Ata Hasnain

Ryna Karani

Ajoy Nath Jha

Bhavesh Gandhi

Madan Pendse

Ajit Dabholkar

Directors

Chief Financial Officer
Corporate Counsel, Company Secretary &
Compliance Officer

Reliance Defence and Engineering Limited

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

Particulars	Notes	₹ in Lacs	
		For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from Operations	24	51,946.46	30,658.24
Other Income	25	4,467.98	3,969.24
Total Income		56,414.44	34,627.48
Expenses			
Cost of Materials Consumed	26	23,153.38	8,998.81
Changes in Inventories of Work in Progress & Scrap	27	3,706.66	(3,401.37)
Employee Benefits Expenses	28	3,801.16	5,723.11
Other Expenses	30	19,047.04	35,059.31
Total Expenses		49,708.24	46,379.86
Total Profit / (Loss) from Operation before Depreciation / Amortisation and Finance Costs		6,706.20	(11,752.38)
Finance Costs	29	57,263.75	47,179.40
Depreciation and Amortisation Expenses	2	20,065.17	21,426.41
Profit / (Loss) Before Exceptional Items and Tax		(70,622.72)	(80,358.19)
Exceptional Items		-	-
Profit / (Loss) Before Tax		(70,622.72)	(80,358.19)
Tax Expense - Current Tax		-	-
- Deferred Tax Credit		18,280.15	27,493.47
Profit / (Loss) for the year		(52,342.57)	(52,864.72)
Other Comprehensive Income			
Items that will not to be reclassified to profit and loss			
Actuarial gains/(losses) on defined benefit plans		(101.77)	197.81
Income Tax effect		31.45	(61.13)
Total Other Comprehensive Income for the year		(70.32)	136.68
Total Comprehensive Income for the year		(52,412.89)	(52,728.04)
Earnings per Equity Share of ₹ 10 each			
- Basic (In Rupees)		(7.11)	(7.18)
- Diluted (In Rupees)		(7.11)	(7.18)
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 48		

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

for and on behalf of the Board of Directors

Anil D Ambani Chairman
S. Seth
Cmde. (Retd.) Kartik Subramaniam
Rajendra Chitale
Comal Ramachandran Gayathri
Air Chief Marshal (Retd.)
Fali Homi Major
Lt. Gen. (Retd.) Syed Ata Hasnain
Ryna Karani
Ajoy Nath Jha
Bhavesh Gandhi
Madan Pendse
Ajit Dabholkar Directors

Chief Financial Officer
Corporate Counsel, Company Secretary &
Compliance Officer

Place : Mumbai
Date : April 11, 2017

Reliance Defence and Engineering Limited

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

A Equity Share Capital		₹ in Lacs			
Particulars	As at March 31, 2017		As at March 31, 2016		
	No of Shares	Amount	No of Shares	Amount	
Equity Shares at the beginning of the year	73,62,06,269	73,620.63	73,62,06,269	73,620.63	
Add: Shares Issued during the year	-	-	-	-	
Equity Shares at the end of the year	73,62,06,269	73,620.63	73,62,06,269	73,620.63	

B Other Equity (Reserve and Surplus)						
Particulars	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other Comprehensive income	Total
As at April 1, 2015	6,254.96	1,49,327.83	22,791.35	(29,805.89)	-	1,48,568.25
Add/(Less):						
Loss for the year	-	-	-	(52,864.72)	-	(52,864.72)
Other Comprehensive Income	-	-	-	-	136.68	136.68
As at March 31, 2016	6,254.96	1,49,327.83	22,791.35	(82,670.61)	136.68	95,840.21
As at April 1, 2016	6,254.96	1,49,327.83	22,791.35	(82,670.61)	136.68	95,840.21
Add/(Less):						
Loss for the year	-	-	-	(52,342.57)	-	(52,342.57)
Other Comprehensive Income	-	-	-	-	(70.32)	(70.32)
	-	-	-	(52,342.57)	(70.32)	(52,412.89)
As at March 31, 2017	6,254.96	1,49,327.83	22,791.35	(1,35,013.18)	66.36	43,427.32

Note: Other Reserve is created pursuant to first time adoption of Ind-AS and not available for distribution as dividend

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place : Mumbai
Date : April 11, 2017

for and on behalf of the Board of Directors

Anil D Ambani	Chairman
S. Seth	
Cmde. (Retd.) Kartik Subramaniam	Directors
Rajendra Chitale	
Comal Ramachandran Gayathri	
Air Chief Marshal (Retd.)	
Fali Homi Major	
Lt. Gen. (Retd.) Syed Ata Hasnain	
Ryna Karani	
Ajoy Nath Jha	
Bhavesh Gandhi	
Madan Pendse	Chief Financial Officer
Ajit Dabholkar	Corporate Counsel, Company Secretary & Compliance Officer

Reliance Defence and Engineering Limited

Cash Flow Statement for the year ended March 31, 2017

		₹ in Lacs	
Sr. No.	Particulars	2016 - 2017	2015 - 2016
A	Cash Flow from Operating Activities		
	Net Profit/(Loss) before Tax	(70,622.72)	(80,358.19)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	20,065.17	21,426.41
	Interest Income	(1,438.60)	(1,871.62)
	Dividend on Current Investments	(30.01)	(32.18)
	Loss / (Profit) on Sale of Property, plant and equipments (Net)	0.01	13.27
	Finance Costs	57,263.75	47,179.40
	Provision for estimated cost over contract revenue	825.34	(4,266.67)
	Actuarial gains/(losses) on defined benefit plans	(101.77)	197.81
	Cost Estimated for Revenue Recognised	(3,486.85)	13,112.90
	Balances Written Off (net)	250.42	(1,883.55)
	Foreign Exchange Loss/(Gain) (net)	(533.06)	2,481.64
	Operating profit before working capital changes	2,191.68	(4,000.78)
	Adjusted for		
	Inventories	(16,490.45)	(30,337.58)
	Trade and Other Receivables	(16,212.72)	(1,495.76)
	Trade and Other Payables	(4,169.20)	(24,753.41)
	Cash Generated from Operations	(34,680.69)	(60,587.53)
	Direct Taxes (Paid) / Refund	1,169.73	(438.01)
	Net Cash (Used in)/Generated from Operating Activities	(33,510.96)	(61,025.54)
B	Cash Flow from Investing Activities		
	Purchase of property, plant & equipments and Capital work in progress	(10,747.29)	(2,641.22)
	Sale of property, plant & equipments	8.79	30.72
	Advance to Subsidiaries (Net)	1,692.56	275.95
	Purchase of Investments including advance against Investment	(18,500.00)	(5,000.00)
	Sale of Investments including advance against Investment	17,500.00	5,081.00
	Dividend Received on Current Investments	19.48	22.64
	Net Cash used in Investing Activities	(10,026.46)	(2,230.91)
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	1,468.70	3,491.39
	Repayment of Long Term Borrowings	(6,350.65)	(2,698.23)
	Short Term Borrowings (Net)	80,119.37	81,672.05
	Interest Paid	(37,230.22)	(24,938.70)
	Margin Money (Net)	4,381.23	6,174.45
	Interest Received	928.81	1,615.22
	Realised (loss)/gain on currency swap transactions	(622.12)	(236.38)
	Net Cash Flow from Financing Activities	42,695.12	65,079.80
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(842.30)	1,823.35
	Cash and Cash Equivalents - Opening balance (Refer note no 9)	4,398.38	2,575.03
	Cash and Cash Equivalents - Closing balance (Refer note no 9)	3,556.08	4,398.38

Notes:

(1) The above cash flow statement has been prepared under the "Indirect method" as set out in Ind-AS7 - Cash flow Statement.

(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.

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

for and on behalf of the Board of Directors

Anil D Ambani

S. Seth

Cmde. (Retd.) Kartik Subramaniam

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Air Chief Marshal (Retd.)

Fali Homi Major

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Ryna Karani

Ajoy Nath Jha

Bhavesh Gandhi

Madan Pendse

Ajit Dabholkar

Chairman

Directors

Chief Financial Officer

Corporate Counsel, Company Secretary &
Compliance Officer

Place : Mumbai

Date : April 11, 2017

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 1

General Information

Reliance Defence and Engineering Limited ("RDEL" or "the Company") is a company limited by shares, incorporated and domiciled in India. The registered office of the company is located at Pipavav Port, Post Uchchaya, Via- Rajula, District Amreli (Gujarat) and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The name of the Company got changed from Pipavav Defence and Offshore Engineering Company Limited during the financial year 2015-16 and fresh certificate of incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India on March 3, 2016. The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RDEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels(NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq ft has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

1 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a 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] on accrual basis 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.

b Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS
- ii Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- iii Defined benefit plans – plan assets measured at fair value; and
- iv assets held for sale – measured at fair value less cost to sell;

c Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), 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.

Estimates and assumptions are required in particular for:

- i. Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Notes to Financial Statements

iii. Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

v. Discounting of long-term financial liabilities

All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

vi. Determining whether an arrangement contains a lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. Revenue recognition

Determination of estimated cost to complete the contract is required for computing revenue as per Ind - AS 11 on 'Construction Contracts'. The estimates are revised periodically.

e Standards Issued But Not Yet Effective:

Ind - AS 115 "Revenue from Contract with Customers" :The MCA had notified Ind - AS 115 "Revenue from Contract with Customers" in February, 2015. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application. As at the date of this report, the Company does not expect any impact on the operational results and financial position will be material upon adoption of Ind - AS 115.

f 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.

Reliance Defence and Engineering Limited

Notes to Financial Statements

g Other Significant Accounting Policies:

I Property, Plant and Equipments:

- i. The Company has measured all of its Plant and Equipments and freehold land at fair value at the date of transition to Ind - AS. The Company has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II Depreciation:

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50
Offshore Yard	50
Roads, Culverts & Bridge	25
Mobile Phones	2
Leasehold Land and Development	Amortised over lease period

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

- ii. In respect of additions/extensions forming an integral part of existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III 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 consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as 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.

IV Intangible Assets:

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 - 5 years.

V 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 to Ind- AS 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.

VI Inventories:

- i. The inventories; Raw Materials, Stores and Spares, Work - in - Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles and equipment and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. if payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

Notes to Financial Statements

VII Revenue Recognition:

- i Revenue from operation include income from sale of goods, services and service tax and is net of value added tax and sales tax recovered. Revenue from sale of goods and services is recognised considering the following steps:
 - identify the Contract with Customer
 - identify the performance obligations in the contract
 - determining the transaction price
 - allocate the transaction price to the performance obligations in the contract
 - recognise revenue when the entity satisfies a performance obligation
- ii In case of contract for shipbuilding, repair and fabrication, performance obligations are satisfied over a period of time. Revenue from contracts, where performance obligation is satisfied over a period of time, is recognised over a period of time by measuring the progress towards complete satisfaction of that performance obligation. Progress of performance obligation is measured as follows:
 - 1 In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, progress of performance obligation is measured using input method on the basis of actual cost incurred as against the total estimated cost of the contract under execution.
 - 2 In respect of other vessels, including offshore support vessels, progress of performance obligation is measured using output method, where the stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by the technical experts performing survey of the work. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.
 - 3 In respect of contract of repair and fabrication, revenue is recognised based on the performance obligation measured by the actual cost incurred to the total estimated cost of the contract
 - 4 The Management believes that the method of measuring performance obligation as above is the best represent considering the nature of the contract.

The estimates of cost and progress of performance obligations are measured at each reporting date by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfilment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.
- iii. 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.

VIII Government Subsidy:

- i Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such grants are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.
- iii Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions:

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.
- iii. Non monetary foreign currency items are carried at cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X 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.

Notes to Financial Statements

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 recognised in the other comprehensive income.

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 effective hedging instruments.

Notes to Financial Statements

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.

XI Leases:

i Lease payments

Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii Lease assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

XII Employee Benefits:

i Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans

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

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

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

iii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to

Notes to Financial Statements

determine its present value. Remeasurement is recognised in Statement of Profit and Loss in the period in which they arise.

XIII 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.

Current tax assets and liabilities are offset only if, the Company:

- > has a legally enforceable right to set off the recognised amounts; and
- > intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax

Deferred tax is 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.

Deferred tax assets and liabilities are offset only if:

- > entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- > deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

XIV Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

XV 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.

XVI Warranty Provision:

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XVII 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.

XVIII Earnings per share

- i Basic earnings per share: Basic earnings per share is calculated by dividing:
 - the profit attributable to owners of the group
 - by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.
- ii Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
 - the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
 - the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to Financial Statements

Note - 2 ₹ in Lacs

Particulars	Gross Block			Depreciation and Amortisation			Net Block			
	As at 1-Apr-16	Additions during the year	Deductions/ Disposals	As at 31-Mar-17	Upto 31-Mar-16	For the the year	Deductions/ Disposals	Upto 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
2A Property, Plant and Equipments										
Owned Assets										
Buildings	50,209.58	-	-	50,209.58	10,047.16	1,574.60	-	11,621.76	38,587.82	40,162.42
Plant and Equipments	5,14,309.11	81.54	9.32	5,14,381.33	65,951.83	16,436.58	0.98	82,387.43	4,31,993.90	4,48,357.28
Furniture and Fixtures	879.25	4.70	-	883.95	506.02	67.25	-	573.27	310.68	373.23
Office Equipments	261.72	17.38	1.12	277.98	209.48	27.41	0.66	236.23	41.75	52.24
Vehicles	628.92	9.27	-	638.19	286.35	67.68	-	354.03	284.16	342.57
Sub Total	5,66,288.58	112.89	10.44	5,66,391.03	77,000.84	18,173.52	1.64	95,172.72	4,71,218.31	4,89,287.74
Leased Assets										
Leasehold Land and Development	48,448.78	-	-	48,448.78	11,724.80	1,762.52	-	13,487.32	34,961.46	36,723.98
Sub Total	48,448.78	-	-	48,448.78	11,724.80	1,762.52	-	13,487.32	34,961.46	36,723.98
Total	6,14,737.36	112.89	10.44	6,14,839.81	88,725.64	19,936.04	1.64	1,08,660.04	5,06,179.77	5,26,011.72
2B Intangible Assets										
Computer Softwares*	983.29	4.20	-	987.49	671.04	129.13	-	800.17	187.32	312.25
Total	983.29	4.20	-	987.49	671.04	129.13	-	800.17	187.32	312.25
Total (2A+2B)	6,15,720.65	117.09	10.44	6,15,827.30	89,396.68	20,065.17	1.64	1,09,460.21	5,06,367.09	5,26,323.97
Previous Year	6,13,992.03	1,924.32	195.70	6,15,720.65	68,121.98	21,426.41	151.79	89,396.68	5,26,323.97	
2C Capital Work in Progress										
2D Intangible Assets under development										
									4,01,457.08	3,66,860.13
									9,505.83	8,115.47

* Other than Internally Generated.

2.1 The Leasehold Land and Development represents the cost incurred for reclaiming, development and strengthening of the Land. Buildings and Plant & equipments are constructed / installed on leasehold land.

2.2 All the fixed assets of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 15 and 19 to the financial statements.

Reliance Defence and Engineering Limited

Notes to Financial Statements

2.3 Capital Work in Progress includes:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
- Assets under construction and installation *	2,45,500.08	2,44,709.11
- Preoperative expenses	1,55,957.00	1,22,151.02

* net of impairment provision of ₹ 20,555.26 Lacs (previous year: ₹ 20,555.26 Lacs)

2.4 Intangible Assets under development includes:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
- Software development and Licence Fees	8,188.25	6,820.69
- Preoperative expenses	1,317.58	1,294.78

2.5 Details of Preoperative expenses are as under:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
Opening Balance	1,23,445.80	92,332.22
Add:		
Salaries,Wages and Allowances	130.44	38.09
Insurance	79.55	109.97
Finance Costs		
Interest Expenses	33,618.79	28,988.22
Exchange Differences regarded as an adjustment to borrowing costs	-	1,977.30
	1,57,274.58	1,23,445.80
Less :		
Allocated to Fixed Assets	-	-
Closing Balance	1,57,274.58	1,23,445.80

2.6 During the year, the Company has capitalised borrowing cost aggregating to ₹ 33,618.79 Lacs (Previous year: ₹ 30965.52 Lacs). The average rate used to determine the amount of borrowing Cost is 9.95%. Additions during the year to the Plant and Equipments include interest and financial charges of ₹ NIL (Previous Year ₹ NIL).

2.7 In accordance with the Ind-AS 36 on "Impairment of Assets", during the year the Management has carried out an exercise of identifying the assets that would have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year.

Notes to Financial Statements

Note - 3

a) Investments

Particulars	% of holding	Face Value	Numbers		₹ in Lacs	
			March 31, 2017	March 31, 2016	As at March 31, 2017	As at March 31, 2016
			Long Term Trade Investments (Unquoted and fully paid up)- Financial Assets Measured at Cost			
In Equity Instruments of Subsidiary Companies						
E Complex Private Limited	100.00%	10.00	2,17,09,327	2,17,09,327	1,896.73	1,896.73
Reliance Marine and Offshore Limited	100.00%	10.00	50,000	50,000	5.00	5.00
Reliance Lighter than Air Systems Private Limited	100.00%	10.00	1,40,000	1,40,000	14.00	14.00
Reliance Engineering and Defence Services Limited	100.00%	10.00	50,000	50,000	5.00	5.00
Reliance Technologies and Systems Private Limited	100.00%	10.00	10,000	10,000	1.00	1.00
PDOC Pte. Limited (Incorporated and place of business at Singapore)	100.00%	S\$1.00	25,000	25,000	11.74	11.74
					1,933.47	1,933.47
In Equity Instruments of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	10.00	112,200	112,200	153.48	153.48
					153.48	153.48
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	-	0.05	0.05
					0.05	0.05
Total					2,087.00	2,087.00

3.1 Refer note no. 1(g)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

Particulars	₹ in Lacs			
	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	2,087.00	-	2,087.00	-
Total	2,087.00	-	2,087.00	-

3.3 Equity Shares of E Complex Private Limited are pledged with Lenders for loan facilities availed by the Company

Note - 4

Other Financial Assets

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Fixed Deposits with Banks held as Margin Money	1,259.84	2,596.75
Total	1,259.84	2,596.75

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 5

Other Non Current Assets

(Unsecured and considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Capital Advances	20,578.59	20,578.58
Security Deposits with		
Related Parties (refer note no 38)	7,370.00	7,370.00
Others	710.92	628.41
MAT credit entitlement	3,338.18	3,338.18
Total	31,997.69	31,915.17

5.1 The amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Income Tax Act, 1961 ("the Act"), other than section 115JB, in next fifteen years. Based on the future projection of the performances, the Company is expected to pay the Income Tax as per the applicable provisions, other than under section 115JB, of the Act. Accordingly, as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India (the ICAI), the excess of tax payable under section 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement.

Note - 6

Inventories

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Raw Materials	75,317.33	53,091.22
Raw Materials in Transit	512.44	2,721.15
Work in Progress	588.02	4,304.31
Stores and Spares	1,074.23	894.52
Scrap	46.46	36.83
Total	77,538.48	61,048.03

6.1 Refer Note No. 1(g)(VI) for basis of valuation.

6.2 All the Inventories of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 15 and 19 to the financial statements.

Note - 7

Current Investments (Unquoted)

Particulars	Face Value (₹)	As at March 31, 2017		As at March 31, 2016	
		Numbers	Amount	Numbers	Amount
Financials Assets carried at fair value through profit & loss					
In Units of Mutual Funds					
SBI - Magnum Insta Cash Fund - Daily Dividend Option	1,675.03	60,899	1,020.07	-	-
SBI MF Premier Liquid Fund	1,003.25	-	-	951	9.54
Total			1,020.07		9.54

Notes to Financial Statements

7.1 Refer Note No. 1(g)(X) for basis of valuation.

7.2 Aggregate amount of Current Investments.

	₹ in Lacs			
	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	1,020.07	-	9.54	-
Total	1,020.07	-	9.54	-

Note - 8

Trade Receivables (Unsecured)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Considered Good	345.02	1,098.33
Considered Doubtful	78,813.67	78,813.67
	79,158.69	79,912.00
Less: Provision for Impairment	78,813.67	78,813.67
	345.02	1,098.33
Total	345.02	1,098.33

8.1 Trade receivables are non- interest bearing and receivable in normal operating cycle

Note - 9

Cash and Cash Equivalents

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Balances with Banks In Current Accounts	3,555.12	4,395.67
Cash on hand	0.96	2.71
Total	3,556.08	4,398.38

9.1 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 - 30.12.2016

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	0.43	0.07	0.50
Add: Permitted Receipts	-	2.46	2.46
Less: Permitted Payments	-	2.26	2.26
LessL Amount Deposited in Banks	0.43	-	0.43
Closing Cash in hand as on 30.12.2016	-	0.27	0.27

Note - 10

Other Bank Balances

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Share Application Money Refund Account	-	5.36
Fixed Deposits with Banks held as Margin Money	8,171.15	11,215.47
Total	8,171.15	11,220.83

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 11

Current Loans

(Unsecured & considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Loans to Related Parties	3,655.04	5,346.89
Total	3,655.04	5,346.89

11.1 Details of Loans to Subsidiary Companies pursuant to regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

a) Company Name	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
E Complex Private Limited	3,082.74	5,055.77
Reliance Marine and Offshore Limited	256.84	84.02
Reliance Lighter than Air System Private Limited	63.18	70.08
Reliance Engineering and Defence Services Limited	227.59	131.33
Reliance Technologies System Private Limited	0.05	-
Pdoc Pte Ltd	24.64	5.69

All the above Loans are given for meeting working capital requirements of the Subsidiary Companies

- b) Loans to employee and reimbursement of expenses are not considered for this clause.
- c) None of the subsidiary Companies has invested in shares of the company.

Note - 12

Other Current Financial Assets (Unsecured & considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Interest Receivable	1,912.04	1,402.25
Total	1,912.04	1,402.25

12.1 Interest receivable include amount receivables from related parties of ₹ 1,506.83 Lacs (P.Y ₹ 965.20 Lacs). Refer note no 38 for details

Note - 13

Other Current Assets (Unsecured & considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Security Deposits	56.40	71.14
Prepaid Expenses	496.38	367.56
Cenvat / VAT recoverable	2,059.75	1,151.40
Advance against purchase of material / services	21,310.37	18,751.84
Shipbuilding Contracts Receivables	35,586.69	21,672.48
Subsidy/Grants Receivable	3,551.14	2,323.42
Other Advances *	3,817.29	5,907.08
Total	66,878.02	50,244.92

* Mainly includes interest receivables and VAT/Cenvat refundable/to be availed.

Notes to Financial Statements

Note - 14

Share Capital

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Authorised		
11,000,000,000 (Previous Year 15,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	15,00,000.00
4,000,000,000 (Previous Year NIL) Preference Shares of ₹ 10/- each	4,00,000.00	-
	15,00,000.00	15,00,000.00
Issued, Subscribed and fully paid up		
736,206,269 (Previous Year 736,206,269) Equity Shares of ₹ 10/- each fully paid up	73,620.63	73,620.63
Total	73,620.63	73,620.63

14.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

₹ in Lacs

	₹ in Lacs			
Particulars	As at March 31, 2017		As at March 31, 2016	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,62,06,269	73,620.63	73,62,06,269	73,620.63
Add: Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	73,62,06,269	73,620.63	73,62,06,269	73,620.63

14.2 Shareholders holding more than 5% Shares in the Company:

	As at March 31, 2017				As at March 31, 2016	
Shares held by	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence Systems Private Limited	22,64,53,025	30.76%	22,01,03,025	29.90%		
SKIL Infrastructure Limited	16,75,36,936	22.76%	18,12,03,128	24.61%		
Life Insurance Corporation of India	5,84,65,899	7.94%	5,84,65,899	7.94%		
IL & FS Marine Infrastructure Company Limited	5,31,10,674	7.21%	5,31,10,674	7.21%		

14.3 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 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 in proportionate to the number of equity shares held by the shareholders.

14.4 Reserved Shares

Pursuant to proposed refinance Scheme to the lenders and exit from Debt Restructuring Scheme the existing loan up to ₹ 655 Crore will be refinanced through issuance of Equity Share and loan up to ₹ 2,300 Crore will be refinanced through issuance of 0.10% Compulsorily Redeemable Preference Share.

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 15 Borrowings

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Rupee Term Loans from:		
Banks	4,71,527.03	4,72,663.51
Financial Institutions	65,860.17	64,450.01
Body Corporates	15,101.39	491.07
	<u>5,52,488.59</u>	<u>5,37,604.59</u>
Foreign Currency Term Loans from:		
Financial Institution	21,163.32	20,748.93
Vehicle Loans	<u>94.44</u>	<u>135.75</u>
Total Secured Loans	5,73,746.35	5,58,489.27
Unsecured Loans		
Foreign Currency Term Loans from:		
Body Corporate	-	8,391.22
Total Unsecured Loans	<u>-</u>	<u>8,391.22</u>
Total	<u>5,73,746.35</u>	<u>5,66,880.49</u>

- 15.1 The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Restructuring Scheme was subsequently approved by CDR Cell on March 18, 2015 and communicated vide Letter of Approval (LOA) dated March 27, 2015. The Cut Off Date as per Restructuring Scheme is July 1, 2014 ('COD'). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. The Restructuring scheme has been implemented as at March 31, 2015 with effect from the COD.
- 15.2 In terms of the MRA entered with certain lenders of the Company for Debt Restructuring, each of those Lenders has a right of recompense as per extant guidelines of CDR for the reliefs and sacrifices extended by them. The amount of recompense being depending on various matters cannot be ascertained as on date
- 15.3 Secured Term loans as referred to above and ₹ 41,541.07 Lacs being part of current maturities of long term debt in note no. 21 are secured as under:
- i) first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
 - ii) Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
 - iii) Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 Equity Shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 Equity Share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.
- 15.4 Secured Term loans of ₹ 606,249.87 Lacs are further secured as:
- i) first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
 - ii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.

Notes to Financial Statements

- iii) by way of Pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.
- 15.5 Vehicle Loans referred to above including ₹ 45.05 Lacs being part of current maturities of long term debts in note no. 21 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated installments (including interest) as per repayment schedule starting from July 01, 2012 to March 15, 2021.
- 15.6 **Repayment Terms**
- (i) Secured Rupee Term Loan of ₹ 524,799.41 Lacs are repayable in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 26,685.75 Lacs are repayable in 24 quarterly structured installment starting from June 30, 2019 to March 31, 2025, ₹ 18,500.00 Lacs in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 8,403.00 Lacs in 40 quarterly structured installments starting from August 31, 2005 to February 28, 2017, ₹ 15,101.39 Lacs in 61 quarterly structured installment starting from March 31, 2019 to March 31, 2034 and ₹ 540.11 Lacs on May 25, 2017 by way of bullet repayment.
- (ii) Secured Foreign Currency Term Loan as referred above carry an interest rate of 2.78% and repayable in 41 quarterly structured installment starting from March 31, 2019 to March 31, 2029.
- 15.7 The maturity profile, period and amount of installments of Secured Term Loans as referred above including current maturities of long term debt of ₹ 41,541.07 Lacs referred to in note no. 21 are as under:

Financial Year	₹ in Lacs			Total
	Banks	Financial Institutions	Body Corporates	
2017 - 2018	28,394.12	4,203.84	540.11	33,138.07
2018 - 2019	56,788.25	8,450.89	15.10	65,254.24
2019 - 2020	59,818.25	8,515.70	37.75	68,371.70
2020 - 2021	60,688.25	9,336.66	324.68	70,349.59
2021 - 2022	63,238.25	9,487.89	377.53	73,103.67
2022 - 2023	81,717.67	13,370.66	755.07	95,843.40
2023 - 2024	1,00,647.07	16,173.22	755.07	1,17,575.36
2024 - 2025	48,629.29	9,166.82	755.07	58,551.18
2025 - 2026	-	2,160.42	755.07	2,915.49
2026 - 2027	-	2,160.42	755.07	2,915.49
2027 - 2028	-	4,320.84	1,510.14	5,830.98
2028 - 2029	-	3,879.97	1,510.14	5,390.11
2029 - 2030	-	-	1,510.14	1,510.14
2030 - 2031	-	-	1,510.14	1,510.14
2031 - 2032	-	-	1,510.14	1,510.14
2032 - 2033	-	-	1,510.14	1,510.14
2033 - 2034	-	-	1,510.14	1,510.14
Total	4,99,921.15	91,227.33	15,641.50	6,06,789.98

Reliance Defence and Engineering Limited

Notes to Financial Statements

15.8 As at March 31, 2017, the Company has overdue of ₹ 8,403 Lacs (Previous Year: ₹ 8,225.07 Lacs) and ₹ 11,060.24 Lacs (Previous Year: ₹ 4,402.83 Lacs) towards the principal and interest respectively.

₹ in Lacs

S. no	Name of Lender	Amount of Default	Period of Default
01	Bank of Maharashtra	133.26	Less than 60 Days
02	Central Bank of India	807.14	Less than 60 Days
03	Corporation Bank	399.06	Less than 60 Days
04	EXIM	511.38	Less than 60 Days
05	HUDCO	13,471.53	More than 60 days
06	IDBI Bank	976.47	Less than 60 Days
07	IIFCL UK	127.56	Less than 60 Days
08	Jammu and Kashmir Bank	397.67	Less than 60 Days
09	Karnataka Bank Limited	54.78	Less than 60 Days
10	Karur vaysya Bank	54.48	Less than 60 Days
11	LIC of India	133.61	Less than 60 Days
12	Oriental Bank of Commerce	105.63	Less than 60 Days
13	Punjab National Bank	220.93	Less than 60 Days
14	UCO Bank	133.56	Less than 60 Days
15	Union Bank of India	1,021.75	Less than 60 Days
16	United Bank of India	144.34	Less than 60 Days
17	Vijaya Bank	36.62	Less than 60 Days
18	Yes Bank	733.47	Less than 60 Days

Note - 16

Provisions

₹ in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits (refer note no 28.2)	326.20	298.73
Total	326.20	298.73

Note - 17

Deferred Tax Liabilities (Net)

₹ in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	5,051.51	32,483.84
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	3,759.09	(23.18)
Disallowance in income tax	(7,341.98)	(7,452.88)
Depreciation losses	(5,886.47)	(9,568.93)
Business losses	(8,810.79)	(10,448.47)
	(18,280.15)	(27,493.46)
Other Comprehensive Income		
Related to Employee benefits	(31.45)	61.13
Closing Balance	(13,260.09)	5,051.51

17.1 Reconciliation of Tax Expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the year 2016-17 and previous year 2015-16 and no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence, not given.

Notes to Financial Statements

17.2 The Company has recognised deferred tax assets on carry forward business losses as sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as convincing evidences.

Note - 18

Other Non Current Liabilities

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Deposits	5.50	-
Advances from Customers	-	5,624.21
Total	5.50	5,624.21

Note - 19

Short Term Borrowings

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	1,08,286.43	99,186.48
Unsecured Loans from:		
Banks	31,560.29	32,678.22
Related Parties	94,263.79	32,240.00
Body Corporates	25,876.40	-
	1,51,700.48	64,918.22
Total	2,59,986.91	1,64,104.70

19.1 The above working capital loans from banks are secured by way of:

- i) First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- ii) Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- iii) Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

19.2 The above working capital loans from banks are further secured by :

- i) Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
- ii) Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of SKIL group, to the CDR Lenders upon release of such charge.
- iii) Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E Complex Private Limited held by the Company.

19.3 As on March 31, 2017, the Company has overdue of ₹ NIL (Previous Year: ₹ 703.93 Lacs) towards the principal.

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 20

Trade Payables

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Micro and Small Enterprises	284.79	315.30
Others	26,510.16	26,730.14
Total	26,794.95	27,045.44

20.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Principal amount remaining unpaid	284.79	315.30
Interest due thereon	340.71	239.55
Interest paid by the Company in terms of Section 16	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	340.71	239.55
Interest remaining due and payable even in succeeding years	340.71	239.55

20.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

Note - 21

Other Current Financial Liabilities

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Debts	41,586.12	34,760.82
Creditors for Capital Goods	4,354.36	12,634.73
Statutory Dues	2,077.23	2,632.53
Interest accrued and due on borrowings	11,060.24	4,402.83
Interest accrued but not due on borrowings	15,641.54	3,855.73
Unclaimed Share Application Money	-	5.36
Other Payables *	3,268.29	4,529.27
Total	77,987.78	62,821.27

* Includes mainly amount payables to employees and provision for expenses.

Note - 22

Other Current Liabilities

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Advances from Customers	7,849.50	4,597.97
Total	7,849.50	4,597.97

Notes to Financial Statements

Note - 23

Current Provisions

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
for Employee Benefits (refer note no 28.2)	131.38	156.72
Other Provisions (refer note no 23.1)	67,316.92	69,978.43
Total	67,448.30	70,135.15

23.1 The Company has recognised liabilities based on substantial degree of estimation for provision for warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

	₹ in Lacs		
Particulars	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2016	71.00	3,744.91	66,162.52
Add: provision made for the year ended March 31, 2017	17.27	7,189.07	25,555.93
Less: Amount Incurred and charged against the opening balance	17.27	3,744.91	31,661.60
Balance as at March 31, 2017	71.00	7,189.07	60,056.85

Note - 24

Revenue from Operations

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Ship Building	36,788.85	20,613.79
Repairs and Fabrication	14,778.80	10,441.81
Other Operating Revenue		
Sale of Scraps	498.67	531.65
Berth Usage Charges	-	98.58
	52,066.32	31,685.83
Less: Service Tax Recovered	119.86	1,027.59
Total	51,946.46	30,658.24

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 25

Other Income

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income	1,438.60	1,871.62
Government Grants	1,398.31	-
Dividend on Current Investments	30.01	32.18
Foreign Exchange Differences (net)	1,425.56	-
Sundry Balances Written Back (net)	-	1,883.55
Miscellaneous Income	175.50	181.89
Total	4,467.98	3,969.24

25.1 Government Grants have been received on the electricity duty payable on Electricity Consumption. There are no unfulfilled conditions or contingencies attached to these grants

Note - 26

Cost of Materials Consumed

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Steel Plates and Profiles	1,568.18	1,833.19
Equipment and Components	21,585.20	7,165.62
Total	23,153.38	8,998.81

Note - 27

Changes in Inventories of Work - in - Progress and Scrap

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
At the end of the year		
Scrap	46.46	36.83
Work in progress	588.02	4,304.31
	a	4,341.14
At the beginning of the year		
Scrap	36.83	112.21
Work in progress	4,304.31	827.56
	b	939.77
Changes in Inventories	(b-a)	(3,401.37)
	3,706.66	(3,401.37)

Notes to Financial Statements

Note - 28

Employee Benefits Expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, Wages and Allowances	3,545.11	5,377.32
Contribution to Provident and Other Funds	162.34	196.30
Staff Welfare Expenses	93.71	149.49
Total	3,801.16	5,723.11

28.1 Salary, wages and allowances includes remuneration paid to Executive Director of ₹ 107.03 Lacs which is in excess of limits prescribed under section 198 and Schedule V of the Companies Act 2013. The Company has filed necessary application for approval of Central Government, which is awaited.

28.2 Employee Benefits

As per Ind AS-19 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

Particulars	2016 - 2017	2015 - 2016
Employers Contribution to Provident Fund	107.87	138.28
Employers Contribution to Pension Fund	54.47	58.02
	162.34	196.30

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Gratuity (Funded)

i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation

Particulars	2016 - 2017	2015 - 2016
Defined Benefit Obligation at beginning of the year	247.13	259.18
Current & Past Service Cost	61.13	64.98
Current Interest Cost	13.26	17.49
Actuarial (Gain) / Loss	56.19	(30.26)
Benefits paid	(99.22)	(64.26)
Defined Benefit Obligation at end of the year	278.49	247.13

ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets

Particulars	2016 - 2017	2015 - 2016
Fair Value of Plan Assets at the beginning of the year	63.70	69.60
Expected Return on Plan Assets	5.05	4.67
Actuarial Gain / (Loss)	11.75	(10.56)
Fair Value of the Assets at the end of the year	80.50	63.70

Reliance Defence and Engineering Limited

Notes to Financial Statements

iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Fair Value of Plan Assets at the end of the year	80.50	63.70
Present Value of Defined Benefit Obligation at end of the year	278.49	247.13
Liabilities / (Assets) recognised in the Balance Sheet	197.99	183.43

iv) Expenses recognised during the year

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Current & Past Service Cost	61.13	64.98
Interest Cost	13.26	17.49
Expected Return on Plan Assets	(5.05)	(4.67)
Net Cost Recognised in profit or loss	113.78	79.80
Actuarial (Gain) / Loss recognised in other comprehensive income	44.44	(19.70)

v) Assumptions used to determine the defined benefit obligations

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Mortality Table (LIC)	(2006 - 08 ultimate)	
Discount Rate (p.a.)	6.71%	7.70%
Estimated Rate of Return on Plan Asset	7.00%	7.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

vi) Amounts for the Current and previous year for Gratuity Funded are as follows:

Particulars	₹ in Lacs				
	2016 - 2017	2015-2016	2014 - 2015	2013 - 2014	2012 - 2013
Defined Benefit Obligation	278.49	247.13	259.18	188.94	169.51
Plan Assets	80.50	63.70	69.59	64.44	59.67
Surplus/(Deficit)	(197.99)	(183.43)	(189.59)	(124.50)	(109.84)
Experience adjustment on plan Assets (Gain)/Loss	(11.75)	10.56	(0.21)	(0.19)	0.10
Experience adjustment on plan Liabilities Gain/ (Loss)	(56.19)	30.26	(12.27)	(27.59)	(8.81)

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

b) Leave Encashment (Unfunded)

i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation.

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Defined Benefit Obligation at beginning of the year	272.02	465.60
Current & Past Service Cost	30.20	31.06
Current Interest Cost	14.42	31.57
Actuarial (Gain) / Loss	57.34	(178.11)
Benefits paid	(114.38)	(78.10)
Defined Benefit Obligation at end of the year	259.60	272.02

Notes to Financial Statements

ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

	₹ in Lacs	
Particulars	2016 - 2017	2015 - 2016
Fair Value of Plan Assets at the end of the year	-	-
Present Value of Defined Benefit Obligation at end of the year	259.60	272.02
Liabilities / (Assets) recognised in the Balance Sheet	259.60	272.02

iii) Expenses recognised during the year

	₹ in Lacs	
Particulars	2016 - 2017	2015 - 2016
Current & Past Service Cost	30.20	31.06
Interest Cost	14.42	31.57
Net Cost Recognised in statement of profit or loss	44.62	62.63
Actuarial (Gain) / Loss recognised in other comprehensive income	57.34	(178.11)

iv) Assumptions used to determine the defined benefit obligations

	2016 - 2017	2015 - 2016
Particulars		
Mortality Table		(2006 - 08 ultimate)
Discount Rate (p.a.)	6.71%	7.70%
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

v) Amounts for the Current and previous year for Leave Encashment are as follows:

	₹ in Lacs				
Particulars	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014	2012 - 2013
Defined Benefit Obligation	259.60	272.02	465.60	334.80	302.34
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(259.60)	(272.02)	(465.60)	(334.80)	(302.34)
Experience adjustment on plan Liabilities Gain/ (Loss)	44.91	(192.46)	(56.93)	(13.01)	(4.13)

Note - 29

Finance Costs

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses	50,992.28	42,526.61
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	6,271.47	4,652.79
Total	57,263.75	47,179.40

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 30 Other Expenses

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumables, Stores and Spares	1,296.41	1,107.33
Power, Fuel and Water	1,630.17	1,690.28
Repairs and Maintenance	819.00	1,611.20
Labour and Fabrication Charges	7,540.15	6,009.69
Equipment Hire Charges	1,444.87	2,916.00
Rent	966.04	2,413.27
Testing and Inspection Charges	631.64	1,390.96
Infrastructure Facility Charges	1,709.56	1,090.00
Excise Duty Expenses	71.14	31.99
Design, Drawing and Construction Support Fees	1,194.84	565.13
Insurance	1,267.40	1,043.78
Cost Estimated for Revenue Recognised	(3,486.85)	13,112.90
Provision for Estimated Cost Over Contract Revenue	825.34	(4,266.67)
Rates and Taxes	111.24	223.22
Communication Expenses	95.94	124.88
Travelling, Conveyance and Vehicle Hire Charges	736.79	972.06
Legal and Professional Charges	953.96	1,283.28
Foreign Exchange Difference (net)	-	2,591.19
Payment to Auditors	58.50	59.27
Advertising, Publicity and Selling Expenses	57.85	14.26
Business Promotion Expenses	134.21	117.57
Balances Written Off (net)	250.42	-
Brokerage and Commission	227.61	-
Loss on Sale of Plant, property and equipments (net)	0.01	13.27
Donations	-	10.63
Miscellaneous Expenses	510.80	933.82
Total	19,047.04	35,059.31

30.1 Payment to Auditors includes:

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit Fees	55.00	50.00
Certification Charges	3.50	6.50
Other Matters	-	2.77
Total	58.50	59.27

Note - 31

Earnings Per Share (Basic and Diluted)

Particulars	2016-2017	2015 - 2016
Loss attributable to the Equity Shareholders	(52,342.57)	(52,864.72)
Amount available for calculation of Basic and Diluted EPS	(a) <u>(52,342.57)</u>	<u>(52,864.72)</u>
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b) 73,62,06,269	73,62,06,269
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b) <u>(7.11)</u>	<u>(7.18)</u>

Notes to Financial Statements

31.1 Pursuant to proposed refinance scheme and exit from CDR, as approved by members of the Company, existing loans upto ₹ 655 Crores will be refinanced through issuance of Equity Shares of ₹ 10 each at a premium of ₹ 49.35 per equity shares. The effect of these potential shares on Earning Per Share are anti-dilutive and hence, they are not considered for the purpose of calculation of diluted earning per share.

Note - 32

Contingent Liabilities

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

Sr. No.	Particulars	2016-2017	2015 - 2016
			₹ in Lacs
a)	Guarantees given by Company's Bankers		
i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	1,55,495.05	1,23,198.48
ii)	Other Bank Guarantees (Bank Guarantees are provided under contractual/ legal obligations.)	46,330.79	40,961.75
b)	Corporate Guarantee (Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies to the extent such facilities outstanding)	32,230.42	45,139.43
c)	Demands not acknowledged as Debts (net)		
i)	Income Tax Majorly the tax demand due to disallowances by the Income tax department which include, expenses incurred prior to commencement of business and expenses disallowed U/s. 14 A of the Income Tax Act, 1961.	3,398.01	1,127.31
ii)	Service Tax, Excise Duty and Sales Tax Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The company has also received demand for VAT payable on Input services at its Mumbai unit, which has been considered in the contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.	548.57	362.90
iii)	Third Party Claims The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability. Further, the Company has considered contingent liability in respect of liquidated damages payable to the customers in respect of delays in execution of the contract. Further, post CDR, certain lenders have claimed interest/processing fees and other charges, which are more than what the Company is required to pay as per MRA signed between the Company and the Lenders. The Company has submitted the representation to the respective Lenders for the waiver and pending such settlement the amount has been disclosed as contingent liability.	19,079.34	15,307.02
d)	Letters of Credit opened in favour of suppliers (Cash Outflow is expected on receipt of materials from suppliers)	6,923.82	468.60

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 33 Commitments

Sr. No.	Particulars	₹ in Lacs	
		2016-2017	2015 - 2016
a)	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on progressive basis)	62,245.06	68,320.08
b)	Other Commitments (for investment in the Associates and Joint Venture)	802.24	802.24

Note - 34

The Company has issued a Bond cum legal undertaking for ₹ 64,400 Lacs (Previous Year: ₹ 64,400 Lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favour of the President of India for a sum of ₹ 15,300 Lacs (Previous Year : ₹ 15,300 Lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1350 Lacs (Previous Year: 1,350 Lacs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act, 1944.

Note - 35

The Company has received Twenty Four show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates alleged wrong availment of Cenvat/Customs Duty/Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 36

The carrying amount of Assets and Liabilities is reasonably approximate to its fair value. In the opinion of the Management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.

Note - 37

A. Segment information as per Ind AS - 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2017 and in respect of assets/liabilities as at March 31, 2017.

I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

II Information about Secondary Segment :

Geographical Segment :

Particulars	₹ in Lacs	
	2016-2017	2015 - 2016
Revenue by Geographical Segment		
Within India	50,220.51	30,572.21
Outside India	1,725.95	86.03
Total Revenue	51,946.46	30,658.24
Carrying Amount of Segment Assets		
Within India	10,91,300.11	10,37,321.38
Outside India	39,893.33	38,698.93
Total Assets	11,31,193.44	10,76,020.31
Capital Expenditure		
Within India	36,104.40	34,975.60
Outside India	-	-

III Revenue from Major Customers :

Revenue from operations include ₹ 49,545.55 Lacs (Previous Year: ₹ 28,463.43 Lacs)from three customers (Previous Year: three customers) having more than 10% revenue of total revenue

Notes to Financial Statements

Note - 38

Related Party Disclosures

a) List of Related parties

1 Subsidiary Companies

E Complex Private Limited
 Reliance Marine and Offshore Limited
 Reliance Lighter Than Air Systems Private Limited
 Reliance Technologies and Systems Private Limited
 Reliance Engineering and Defence Services Limited
 PDOC Pte. Ltd.

2 Associates

Reliance Defence Systems Private Limited
 Reliance Infrastructure Limited
 SKIL Infrastructure Limited
 Conceptia Software Technologies Private Limited

3 Key Managerial Personnel

Mr. Mr. Harisimran Singh Malhi (up to 31.03.2017)
 Mr. Sridahr Krishnamurthy (upto 15.10.2016)
 Mr. Madan Pendse (w.e.f. 17.10.2016)
 Mr. Ajit Dabholakar

b) Terms and Conditions of transactions with related parties

The Transactions with related parties are at arm's length price and in the ordinary course of business. 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 at each financial year through examining the financial position of the related party and the market in which the related party operates.

c) 1 Transactions with related parties for the year ended March 31, 2017 (for the period of relationship exist)

₹ in Lacs

Nature of transactions	Subsidiary Company						Total
	Reliance Lighter than Air Systems private Ltd	Reliance Engineering and Defence Services Ltd	PDOC Pte. Ltd.	E-Complex Pvt. Ltd.	Reliance Technologies & Systems Pvt Ltd	Reliance Marine and Offshore Ltd	
Rent	-	-	-	360.50	-	-	360.50
	(-)	(-)	(-)	(352.01)	(-)	(-)	(352.01)
Infrastructure Facility Charges	-	-	-	1,090.00	-	-	1,090.00
	(-)	(-)	(-)	(1,090.00)	(-)	(-)	(1,090.00)
Design Drawing and Construction Support Fees	-	-	-	417.39	-	-	417.39
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest Income	5.96	26.93	0.75	547.08	0.01	20.99	601.72
	(8.50)	(0.10)	(-)	(586.70)	(-)	(10.42)	(605.72)
Expenses reimbursed to	-	-	-	-	0.05	-	0.05
	(-)	(-)	(-)	(-)	(0.15)	(-)	(0.15)
Security Deposits - Non Current as at March 31, 2017	-	-	-	7,370.00	-	-	7,370.00
	(-)	(-)	(-)	(7,370.00)	(-)	(-)	(7,370.00)

Reliance Defence and Engineering Limited

Notes to Financial Statements

₹ in Lacs

Nature of transactions	Subsidiary Company						Total
	Reliance Lighter than Air Systems private Ltd	Reliance Engineering and Defence Services Ltd	PDOC Pte. Ltd.	E-Complex Pvt. Ltd.	Reliance Technologies & Systems Pvt Ltd	Reliance Marine and Offshore Ltd	
Loans and Advances							
Balance as at April 1, 2016	70.08 (32.27)	131.33 (0.16)	5.69 (5.27)	5,055.76 (5,546.98)	- (-)	84.03 (37.74)	5,346.89 (5,622.42)
Given During the year	- (37.81)	96.26 (131.17)	18.95 (0.42)	- (-)	0.05 (-)	172.81 (46.28)	288.07 (215.68)
Received During the year	6.90 (-)	- (-)	- (-)	1,973.02 (491.22)	- (-)	- (-)	1,979.92 (491.22)
Balance as at March 31, 2017	63.18 (70.08)	227.59 (131.33)	24.64 (5.69)	3,082.74 (5,055.76)	0.05 (-)	256.84 (84.03)	3,655.04 (5,346.89)
Interest Receivable	13.02 (7.65)	24.33 (0.10)	0.75 (-)	1,440.45 (948.08)	0.01 (-)	28.27 (9.37)	1,506.83 (965.20)
Corporate Guarantee							
Corporate Guarantee Given	- (-)	8,428.13 (11,000.00)	- (-)	9,885.31 (17,488.66)	- (-)	13,916.98 (16,650.77)	32,230.42 (45,139.43)
Non Current Investment							
Balance as at March 31, 2017	14.00 (14.00)	5.00 (5.00)	11.74 (11.74)	1,896.73 (1,896.73)	1.00 (1.00)	5.00 (5.00)	1,933.47 (1,933.47)

Figures in brackets represents previous year's amounts.

c) 2 Transactions with related parties for the year ended March 31, 2017 (for the period of relationship exist)

₹ in Lacs

Nature of transactions	Associates				Total
	SKIL Infrastructure Limited	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Ltd	Reliance Defence Systems Private Limited	
Design Drawing and Construction	-	45.39	-	-	45.39
Support Fees	(-)	(52.96)	(-)	(-)	(52.96)
Rent	-	-	301.84	-	301.84
	(-)	(-)	(-)	(-)	(-)
Equipment Hire Charges	-	-	139.07	-	139.07
	(-)	(-)	(-)	(-)	(-)
Expenses reimbursed to	-	-	3.88	-	3.88
	(-)	(-)	(-)	(-)	(-)
Interest Expenses on ICD	30.48 (32.36)	- (-)	8,033.51 (538.90)	54.23 (-)	8,118.22 (571.26)
Assignment of Investment	- (81.00)	- (-)	- (-)	- (-)	- (81.00)
Trade Payables	- (-)	36.02 (45.88)	136.54 (-)	- (-)	172.56 (45.88)
Other Payables	29.90 (29.90)	- (-)	- (-)	- (-)	29.90 (29.90)
Interest Accrued but not due	63.96 (33.47)	- (-)	6,525.93 (485.01)	48.81 (-)	6,638.70 (518.48)

Notes to Financial Statements

₹ in Lacs

Nature of transactions	Associates				Total
	SKIL Infrastructure Limited	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Ltd	Reliance Defence Systems Private Limited	
Borrowings					
Balance as at April 1, 2016	254.02 (292.17)	- (-)	32,240.00 (-)	- (-)	32,494.02 (292.17)
Received during the year	- (-)	- (-)	61,074.77 (32,240.00)	695.00 (-)	61,769.77 (32,240.00)
Repaid during the year	- (38.15)	- (-)	- (-)	- (-)	- (38.15)
Balance as at March 31, 2017	254.02 (254.02)	- (-)	93,314.77 (32,240.00)	695.00 (-)	94,263.79 (32,494.02)
Non Current Investment					
Balance as at March 31, 2017	- (-)	153.48 (153.48)	- (-)	- (-)	153.48 (153.48)

Figures in brackets represents previous year's amounts.

c) 3 Transactions with related parties for the year ended March 31, 2017 (for the period of relationship exist)

₹ in Lacs

Nature of transactions	Key Managerial Persons				Total
	Harisimran Malhi	Ajit Dabholkar	Madan Pendse	Sridhar Krishnamurthy	
Short Term Employee Benefits	102.75 (-)	89.11 (67.68)	9.73 (-)	118.89 (-)	320.48 (67.68)
Post Employment Benefits	4.28 (-)	3.37 (3.01)	- (-)	2.74 (-)	10.39 (3.01)

Figures in brackets represents previous year's amounts.

Note - 39

Details of loans given, investment made and Guarantees given, covered u/s 186(4) of the Companies Act, 2013

I Loans given and investment made are given under the respective heads

II Corporate Guarantees have been issued on behalf of subsidiary companies, details of which are given in related party transactions above.

Note - 40

Financial and Other Derivative Instruments

a Derivative contracts entered into by the Company and outstanding are as under:

For Hedging Currency related risks		₹ in Lacs	
Particulars	2016-2017	2015 - 2016	
Forward Contract	-	11,641.42	
Currency Swap	136.98	900.11	

b All derivative and financial instruments acquired by the company are for hedging purpose only.

c Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

		₹ in Lacs	
Particulars	2016-2017	2015 - 2016	
Trade Receivables (net)	16,060.49	4,861.08	
Payables	32,461.55	61,760.41	

The advances to the vendors in foreign currency is not considered above.

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 41

Operating Lease

The Company has entered in to a non cancellable leasing agreements for Land and Infrastructure Facilities for a period between 30 to 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under non-cancellable operating lease:

		₹ in Lacs			
Sr No	Particulars	Land		Infrastructure Facilities	
		2016- 2017	2015 - 2016	2016- 2017	2015 - 2016
1	Rent debited to statement of profit and loss during the year	500.90	492.61	1,090.00	1,090.00
2	Future Minimum Lease payments payable in:				
i	Less than one year	529.08	500.89	1,090.00	1,090.00
ii	One to five years	2,310.33	2,245.01	4,810.00	4,660.00
iii	More than five years	14,065.88	4,910.19	7,692.50	9,969.28

Note - 42

Financial Risk Management Objective and Policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial assets 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 Assets affected by market risk include loans and borrowings, deposits 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.

I Interest rate exposure profile appended in the table below

Borrowings	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Floating Rate Loans	7,55,039.70	7,17,296.25
Fixed Rate Loans	1,20,279.68	48,449.76
Total	<u>8,75,319.38</u>	<u>7,65,746.01</u>

II Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

Risk Exposure	₹ in Lacs			
	As at March 31, 2017		As at March 31, 2016	
Effect on profit/ (loss) before tax due to following change in interest rates	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
On Floating Rate Loans	1,510.08	1,510.08	1,434.59	1,434.59

Notes to Financial Statements

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to realise in future.

Foreign Risk Sensitivity

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

Risk Exposure	As at March 31, 2017		As at March 31, 2016	
	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
Effect on profit/ (loss) before tax due to foreign exchange rate fluctuation				
On Foreign Currency Loan of USD 326.40 Lacs (P.Y. USD 340.00 Lacs)	1,058.17	1,058.17	1,127.66	1,127.66

₹ in Lacs

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

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.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, Letter of Credit and working capital limits.

Note - 43

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 Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. 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.

Reliance Defence and Engineering Limited

Notes to Financial Statements

Note - 44

Disclosure in respect of shipbuilding contracts under progress:

		₹ in Lacs	
Sr No.	Particulars	2016-2017	2015 - 2016
a	The contract revenue recognised in the year	50,145.77	20,613.79
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress.	1,38,754.92	92,277.00
c	Amount of advance received from the customers for contracts in progress.	1,97,442.50	1,50,488.23
d	The retention amount due from customers for contracts in progress as at the end of financial year.	-	-

Note - 45

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

Note - 46

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on April 11, 2017

Note - 47

The Management and authorities have the power to amend the Financial Statements in accordance with section 130 and 131 of The Companies Act, 2013.

Notes - 48

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

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place : Mumbai
Date : April 11, 2017

for and on behalf of the Board of Directors

Anil D Ambani	}	Chairman
S. Seth		Directors
Cmdr. (Retd.) Kartik Subramaniam		
Rajendra Chitale		
Comal Ramachandran Gayathri		
Air Chief Marshal (Retd.)		
Fali Homi Major		
Lt. Gen. (Retd.) Syed Ata Hasnain		
Ryna Karani		
Ajoy Nath Jha		
Bhavesh Gandhi		
Madan Pendse		
Ajit Dabholkar		

Independent Auditor's Report

To the Members of Reliance Defence and Engineering Limited (Formerly Known as Pipavav Defence and Offshore Engineering Company Limited)

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **RELIANCE DEFENCE AND ENGINEERING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance Sheet as at 31st March, 2017, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, as applicable.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors, on the financial statements of subsidiaries and associate noted below in other matters, the aforesaid consolidated 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 consolidated state of affairs (financial position) of the Group and its associate as at 31st March, 2017, and their consolidated loss (financial performance including other comprehensive income), their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the note no. 28.1 to the Consolidated Ind AS Financial Statements regarding managerial remuneration paid to the executive director which is in excess of the limits prescribed in the Act. The Holding Company has applied to Central Government for necessary approval which is awaited.

Our opinion is not modified in respect of this matter.

Other Matters

We did not audit the financial statements of Subsidiaries, whose financial statements reflect total assets of ₹ 163,756 Lacs as at 31st March 2017 and total revenue of ₹ 10,304 Lacs and net cash flows amounting to ₹ 80 Lacs for the year then ended on that date and financial statement of an Associate in which the share of profit of the group is ₹ 10 Lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the statement to the extent they have derived from such financial statements is based solely on the reports of such other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on the comments in the auditor's report of subsidiary companies and associate company incorporated in India, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Companies Act, 2013.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 and taken on record by the Board of Directors of the Holding Company and as per the reports of the statutory auditors of its subsidiary companies and its associate, none of the directors of the Group companies, and its associate company incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our Report in "**Annexure A**", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate company.
- 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 Auditor's) Rules, 2014, read with Notification no. G.S.R. 307 (E) dated 30th March 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates, as referred to in note 32 to the consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate company.
 - iv. The Group has provided the requisite disclosures regarding to holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, and the same are in accordance with the books of accounts maintained by the holding company and respective group entities, as provided to us and based on the consideration of report of other auditors referred to in the other matters paragraph above. Refer to Note No 9.1 of Consolidated Financial Statements.

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn. No: 107783W

Gyandeo Chaturvedi

Partner
Membership No. 46806

Place: Mumbai

Date: April 11, 2017

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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of RELIANCE DEFENCE AND ENGINEERING LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, and its associate, all incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its subsidiaries and associates, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 Criteria issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 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 Group's and its associate, incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries and an associate which are incorporated in India, have, 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 31st March, 2017, based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note.

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place: Mumbai
Date: April 11, 2017

Reliance Defence and Engineering Limited

Consolidated Balance Sheet as at March 31, 2017

₹ in Lacs

Particulars	Notes	As at March 31, 2017	As at March 31, 2016
I ASSETS			
(1) Non Current Assets			
Property, Plant and Equipment	2	5,64,239.35	5,84,794.45
Capital Work in Progress	2	4,17,314.98	3,80,267.58
Intangible Assets	2	187.32	312.25
Intangible Assets under Development	2	9,505.83	8,115.47
		<u>9,91,247.48</u>	<u>9,73,489.75</u>
Goodwill on Consolidation		1,018.96	1,018.96
Financial Assets			
Investments	3	30,212.11	30,201.83
Other Financial Assets	4	7,208.18	6,215.00
		<u>37,420.29</u>	<u>36,416.83</u>
Deferred Tax Assets (net)	16	13,260.09	-
Other Non Current Assets	5	37,745.73	37,663.34
		<u>51,005.82</u>	<u>37,663.34</u>
		10,80,692.55	10,48,588.88
(2) Current Assets			
Inventories	6	77,545.78	61,436.30
		<u>77,545.78</u>	<u>61,436.30</u>
Financial Assets			
Current Investments	7	1,321.90	9.54
Trade Receivables	8	345.02	1,098.33
Cash and Cash Equivalents	9	3,635.90	4,669.24
Other Bank Balances	10	8,233.15	11,282.83
Other Current Financials Assets	11	413.57	437.05
		<u>13,949.54</u>	<u>17,496.99</u>
Current Tax (net)		2,956.40	4,214.44
Other Current Assets	12	67,028.20	50,406.89
		<u>67,028.20</u>	<u>54,621.33</u>
		1,61,479.92	1,33,554.62
TOTAL ASSETS		12,42,172.47	11,82,143.50
II EQUITY AND LIABILITIES			
(1) Equity			
Share Capital	13	73,620.63	73,620.63
Other Equity		71,071.16	1,28,863.76
		<u>1,44,691.79</u>	<u>2,02,484.39</u>
(2) Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	14	5,95,826.06	5,98,389.55
		<u>5,95,826.06</u>	<u>5,98,389.55</u>
Provisions	15	326.20	298.73
Deferred Tax Liabilities (net)	16	-	5,051.51
Other Non Current Liabilities	17	5.50	5,624.21
		<u>331.70</u>	<u>10,974.45</u>
		5,96,157.76	6,09,364.00
Current Liabilities			
Financial Liabilities			
Short Term Borrowings	18	2,99,308.07	1,87,811.26
Trade Payables	19		
(i) Due to Micro and Small Enterprises		284.79	315.30
(ii) Due to others		26,879.30	26,988.87
Other Current Financial Liabilities	20	99,552.96	80,446.56
		<u>4,26,025.12</u>	<u>2,95,561.99</u>
Other Current Liabilities	21	7,849.50	4,597.97
Current Provisions	22	67,448.30	70,135.15
		<u>75,297.80</u>	<u>74,733.12</u>
		5,01,322.92	3,70,295.11
TOTAL EQUITY AND LIABILITIES		12,42,172.47	11,82,143.50

Significant Accounting Policies
Notes on Financial Statements

1
2 to 50

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

for and on behalf of the Board of Directors

Anil D Ambani Chairman
S. Seth
Cmdr. (Retd.) Kartik Subramaniam
Rajendra Chitale
Comal Ramachandran Gayathri
Air Chief Marshal (Retd.)
Fali Homi Major
Lt. Gen. (Retd.) Syed Ata Hasnain
Ryna Karani
Ajoy Nath Jha
Bhavesh Gandhi
Madan Pendse
Ajit Dabholkar

Directors

Chief Financial Officer
Corporate Counsel, Company Secretary &
Compliance Officer

Place : Mumbai
Date : April 11, 2017

Reliance Defence and Engineering Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

₹ in Lacs			
Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from Operations	23	56,405.15	31,248.72
Other Income	24	3,906.67	3,366.92
Total Income		60,311.82	34,615.64
Expenses			
Cost of Materials Consumed	25	23,153.38	9,184.59
Purchase of Stock-in-trade	26	4,473.30	-
Changes in Inventories of Work in Progress & Scrap	27	4,094.92	(3,553.02)
Employee Benefits Expenses	28	3,812.03	5,807.55
Other Expenses	30	17,451.95	34,478.46
Total Expenses		52,985.58	45,917.58
Total Profit / (Loss) from Operation before Depreciation /Amortisation and Finance Costs		7,326.24	(11,301.94)
Finance Costs	29	62,550.13	53,706.36
Depreciation and Amortisation Expenses	2	20,788.99	22,135.61
Profit / (Loss) Before Exceptional Items and Tax		(76,012.88)	(87,143.91)
Exceptional Items		-	-
Profit / (Loss) Before Tax		(76,012.88)	(87,143.91)
Tax Expense		-	-
- Current Tax		-	-
- Deferred Tax Credit		18,280.15	27,868.84
Profit / (Loss) for the year from continued operations		(57,732.73)	(59,275.07)
Add:- Consolidated share in the profits of associate		10.28	33.07
Profit / (Loss) for the year		(57,722.45)	(59,242.00)
Other Comprehensive Income			
Items that will be reclassified to profit and loss			
Exchange differences on translation of Foreign Operations		(0.17)	0.14
Items that will not to be reclassified to profit and loss			
Actuarial gains/(losses) on defined benefit plans		(101.77)	197.81
Income Tax effect		31.45	(61.13)
Total Other Comprehensive Income for the year		(70.49)	136.82
Total Comprehensive Income for the year		(57,792.94)	(59,105.18)
Earnings per Equity Share of ₹ 10 each			
- Basic (In Rupees)		(7.84)	(8.05)
- Diluted (In Rupees)		(7.84)	(8.05)
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 50		

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place : Mumbai
Date : April 11, 2017

for and on behalf of the Board of Directors

Anil D Ambani	Chairman
S. Seth	
Cmde. (Retd.) Kartik Subramaniam	Directors
Rajendra Chitale	
Comal Ramachandran Gayathri	
Air Chief Marshal (Retd.)	
Fali Homi Major	
Lt. Gen. (Retd.) Syed Ata Hasnain	
Ryna Karani	
Ajoy Nath Jha	
Bhavesh Gandhi	Chief Financial Officer
Madan Pendse	
Ajit Dabholkar	Corporate Counsel, Company Secretary & Compliance Officer

Reliance Defence and Engineering Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2017

₹ in Lacs						
A Equity Share Capital						
Particulars	As at March 31, 2017		As at March 31, 2016			
	No of Shares	Amount	No of Shares	Amount		
Equity Shares at the beginning of the year	736,206,269	73,620.63	736,206,269	73,620.63		
Add: Shares Issued during the year	-	-	-	-		
Equity Shares at the end of the year	736,206,269	73,620.63	736,206,269	73,620.63		
B Other Equity (Reserve and Surplus)						
Particulars	Capital Reserve	Securities Premium	Other Reserve	Retained Earning	Other Items relating to other Comprehensive income	Total
As at April 1, 2015	6,254.96	149,327.83	64,527.97	(32,141.51)	(0.31)	187,968.94
Add/(Less):						
Loss for the year				(59,242.00)		(59,242.00)
Other Comprehensive Income					136.68	136.68
Effect of Foreign Exchange rate fluctuation during the year					0.14	0.14
As at March 31, 2016	6,254.96	149,327.83	64,527.97	(91,383.51)	136.51	128,863.76
As at April 1, 2016	6,254.96	149,327.83	64,527.97	(91,383.51)	136.51	128,863.76
Add/(Less):						
Loss for the year	-	-	-	(57,722.45)		(57,722.45)
Other Comprehensive Income	-	-	-		(70.32)	(70.32)
Effect of Foreign Exchange rate fluctuation during the year	-	-	-	-	0.17	0.17
	-	-	-	(57,722.45)	(70.15)	(57,792.60)
As at March 31, 2017	6,254.96	149,327.83	64,527.97	(149,105.96)	66.36	71,071.16

* Note: Other Reserve is created pursuant to first time adoption of Ind-AS and not available for distribution as dividend

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Place : Mumbai
Date : April 11, 2017

for and on behalf of the Board of Directors

Anil D Ambani
S. Seth
Cmdr. (Retd.) Kartik Subramaniam
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Ryna Karani
Ajoy Nath Jha
Bhavesh Gandhi
Madan Pendse
Ajit Dabholkar

Chairman

Directors

Chief Financial Officer
Corporate Counsel, Company Secretary &
Compliance Officer

Reliance Defence and Engineering Limited

Consolidated Cash Flow Statement for the year ended March 31, 2017

		₹ in Lacs	
Sr. No.	Particulars	2016 - 2017	2015 - 2016
A	Cash Flow from Operating Activities		
	Net Profit/(Loss) before Tax	(76,012.88)	(87,143.91)
	Adjustments for :-		
	Depreciation and Amortisation Expenses	20,788.99	22,135.61
	Interest Income	(861.23)	(1,269.24)
	Dividend on Current Investments	(31.84)	(32.18)
	Loss / (Profit) on Sale of Property, plant and equipments (Net)	0.01	13.27
	Finance Costs	62,550.13	53,706.36
	Provision for estimated cost over contract revenue	825.34	(4,266.67)
	Actuarial gains/(losses) on defined benefit plans	(101.77)	197.81
	Cost Estimated for Revenue Recognised	(3,486.85)	13,112.90
	Balances Written Off (net)	250.42	(1,883.55)
	Foreign Exchange Loss/(Gain) (net)	(532.60)	2,482.20
	Operating profit before working capital changes	3,387.72	(2,947.40)
	Adjusted for		
	Inventories	(16,109.48)	(30,307.40)
	Trade and Other Receivables	(16,200.81)	(691.55)
	Trade and Other Payables	(4,113.67)	(24,884.49)
	Cash Generated from Operations	(33,036.24)	(58,830.84)
	Direct Taxes (Paid) / Refund	1,258.04	(995.02)
	Net Cash (Used in)/Generated from Operating Activities	(31,778.20)	(59,825.86)
B	Cash Flow from Investing Activities		
	Purchase of property, plant & equipments and Capital work in progress	(10,889.16)	(2,657.46)
	Sale of property, plant & equipments	8.76	30.72
	Purchase of Investments including advance against Investment	(19,100.00)	(5,000.00)
	Sale of Investments including advance against Investment	17,800.00	5,081.00
	Dividend Received on Current Investments	19.48	22.64
	Net Cash used in Investing Activities	(12,160.92)	(2,523.10)
C	Cash Flow from Financing Activities		
	Redemption of Debentures		(7,000.00)
	Proceeds from Long Term Borrowings	1,468.70	18,646.79
	Repayment of Long Term Borrowings	(10,114.54)	(16,190.40)
	Short Term Borrowings (Net)	89,338.57	95,725.38
	Interest Paid	(42,430.77)	(33,825.38)
	Margin Money (Net)	4,381.23	6,112.45
	Interest Received	884.71	1,144.26
	Realised (loss)/gain on currency swap transactions	(622.12)	(236.38)
	Net Cash Flow from Financing Activities	42,905.78	64,376.72
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,033.34)	2,027.76
	Cash and Cash Equivalents - Opening balance (Refer note no 9)	4,669.24	2,641.48
	Cash and Cash Equivalents - Closing balance (Refer note no 9)	3,635.90	4,669.24

Notes:

(1) The above cash flow statement has been prepared under the "Indirect method" as set out in Ind-AS 7 - Cash flow Statement.

(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

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

for and on behalf of the Board of Directors

Anil D Ambani	Chairman
S. Seth	
Cmde. (Retd.) Kartik Subramaniam	Directors
Rajendra Chitale	
Comal Ramachandran Gayathri	
Air Chief Marshal (Retd.)	
Fali Homi Major	
Lt. Gen. (Retd.) Syed Ata Hasnain	
Ryna Karani	
Ajoy Nath Jha	Chief Financial Officer Corporate Counsel, Company Secretary & Compliance Officer
Bhavesh Gandhi	
Madan Pendse	
Ajit Dabholkar	

Place : Mumbai
Date : April 11, 2017

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 1

Statement of Significant Accounting Policies

General information:

The consolidated financial statements comprise financial statements of Reliance Defence and Engineering Limited ('RDEL' or the 'Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2017. Reliance Defence and Engineering Limited ("RDEL" or "the Company") is a company limited by shares, incorporated and domiciled in India. The registered office of the company is located at Pipavav Port, Post Ucchaya, Via- Rajula, District Amreli (Gujarat) and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The name of the Company got changed from Pipavav Defence and Offshore Engineering Company Limited during the financial year 2015-16 and fresh certificate of incorporation was issued by the Ministry of Corporate Affairs (MCA), Government of India on March 3, 2016. The Company is mainly engaged in the construction of vessels, repairs and refits of ships and rigs and heavy engineering. RDEL has a large shipbuilding/repair infrastructure in India including the largest Dry Dock in the world. The Company is the first private sector company in India to obtain the licence and contract to build Naval Offshore Patrol Vessels (NOPVs) for Indian Navy. The Shipyard has only modular shipbuilding facility in India with capacity to build fully fabricated and outfitted blocks. The fabrication facility spread over 2.1 million sq ft has annual capacity of 144,000 tons/year. The shipyard has pre-erection berth of 980 meter length and 40 meters width and two Goliath cranes with combined lifting capacity of 1200 tonnes, besides outfitting berth length of 780 meters.

1 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of Preparation of Consolidated Financial Statements:

The Consolidated 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] on accrual basis and other relevant provisions of the Act. The Consolidated 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.

b Historical Cost Convention

The Consolidated financial statements have been prepared on a historical cost basis, except for the following:

- i Plant & Equipments and Freehold Land which were accounted at fair value at the date of transition to Ind AS
- ii Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- iii Defined benefit plans – plan assets measured at fair value; and
- iv assets held for sale – measured at fair value less cost to sell;

c Principles of Consolidation:

The consolidated financial statements relate to the Reliance Defence and Engineering Limited ('the Company') and its subsidiary companies & associate company. The consolidated financial statements have been prepared on the following basis:

- i. The consolidated financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra – group balances and intra – group transactions in accordance with Ind – AS 110 "Consolidated Financial Statements".
- ii. Subsidiaries are the entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.
- iii. In case of a foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. The resultant translation exchange differences have been transferred to foreign currency translation reserves through other comprehensive income.

iv. Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

v. Transactions eliminated on consolidation:

Intra – group balances and transactions and any unrealised income and expenses arising from intra-group transactions, net of deferred taxes, are eliminated.

Notes to the Consolidated Financial Statements

- vi. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- vii. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries are recognized in the Consolidated Financial Statements as Goodwill, which is not being amortised but tested for impairment periodically.
- viii. Investments in Associate Company have been accounted under the equity method as per Ind - AS 28 "Investments in Associates and Joint Ventures".
- ix. The differences between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in associates are identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

d Functional and Presentation Currency:

Items included in the Consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Consolidated financial statements are presented in Indian rupee (INR), which is the functional currency for the Company.

e Use of Estimates:

The preparation of Consolidated 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.

Estimates and assumptions are required in particular for:

- i. Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.
- ii. **Recognition and measurement of defined benefit obligations:**
The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.
- iii. **Recognition of deferred tax assets:**
Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.
- iv. **Recognition and measurement of other provisions:**
The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.
- v. **Discounting of long-term financial liabilities:**
All financial liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.
- vi. **Determining whether an arrangement contains a lease:**
At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. **Fair value of financial instruments:**

Derivatives are carried at fair value. Derivatives include Foreign Currency Forward Contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts is determined using the rates published by Reserve Bank of India (RBI). Fair value of Interest Rate Swaps is determined with respect to current market rate of interest.

viii. **Revenue recognition:**

Determination of estimated cost to complete the contract is required for computing revenue as per Ind - AS 11 on 'Construction Contracts'. The estimates are revised periodically.

f Standards Issued But Not Yet Effective

Ind - AS 115 "Revenue from Contract with Customers" :The MCA had notified Ind - AS 115 "Revenue from Contract with Customers" in February, 2015. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application. As at the date of this report, the Company does not expect any impact on the operational results and financial position will be material upon adoption of Ind - AS 115.

g 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.

h Other Significant Accounting Policies

I Property, Plant and Equipments

- i. The Company has measured all of its Plant and Equipments and freehold land at fair value at the date of transition to Ind - AS. The Company has elected these value as deemed cost at the transition date. All other property, plant and equipment have been carried at historical cost
- ii. Property, Plant and Equipments are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs incurred up to the date the asset is ready for its intended use.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

II Depreciation

- i. Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

Notes to the Consolidated Financial Statements

Description of Assets	Useful Life Considered (Years)
Dry Dock (including berths)	50
Offshore Yard	50
Roads, Culverts & Bridge	25
Mobile Phones	2
Leasehold Land and Development	Amortised over lease period

The Management believes that the useful life as given above represents the period over which management expects to use these assets.

- ii. In respect of additions/extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets. Significant additions which are required to be replaced/ performed at regular interval are depreciated over the useful life of their specific life.
- iii. Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

III 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 consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as 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.

IV Intangible Assets

Intangible Assets having finite life are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 - 5 years.

V 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 to Ind- AS 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.

VI Inventories

- i. The inventories; Raw Materials, Stores and Spares, Work – in – Progress and Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles and equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-in-Progress and Finished Goods is determined on Absorption Costing Method. Scrap is valued at Net Realisable Value.
- ii. if payment terms for inventory are on deferred basis i.e. beyond normal credit terms, then cost is determined by discounting the future cash flows at an interest rate determined with reference to the market rates. The difference between total cost and deemed cost is recognised as interest expense over the period of financing under the effective interest method.

VII Revenue Recognition

- i Revenue from operation include income from sale of goods, services and service tax and is net of value added tax and sales tax recovered. Revenue from sale of goods and services is recognised considering the following steps:
 - identify the Contract with Customer
 - identify the performance obligations in the contract
 - determining the transaction price
 - allocate the transaction price to the performance obligations in the contract
 - recognise revenue when the entity satisfies a performance obligation
- ii In case of contract for shipbuilding, repair and fabrication, performance obligations are satisfied over a period of time. Revenue from contracts, where performance obligation is satisfied over a period of time, is recognised over a period of time by measuring the progress towards complete satisfaction of that performance obligation. Progress of

Notes to the Consolidated Financial Statements

performance obligation is measured as follows:

- 1 In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, progress of performance obligation is measured using input method on the basis of actual cost incurred as against the total estimated cost of the contract under execution.
- 2 In respect of other vessels, including offshore support vessels, progress of performance obligation is measured using output method, where the stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by the technical experts performing survey of the work. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.
- 3 In respect of contract of repair and fabrication, revenue is recognised based on the performance obligation measured by the actual cost incurred to the total estimated cost of the contract
- 4 The Management believes that the method of measuring performance obligation as above is the best represent considering the nature of the contract.

The estimates of cost and progress of performance obligations are measured at each reporting date by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered in to with the buyers, which are subject to fulfilment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.

- iii. 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.

VIII Government Subsidy:

- i Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii Government subsidy related to shipbuilding contracts are recognized when there is reasonable assurance that the subsidy will be received, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such grants are recognized in the Statement of Profit and Loss and presented under the head revenue from operations.
- iii Government grants in the nature of compensating certain costs are recognised as other income in Statement of Profit and Loss.

IX Foreign Currency Transactions

- i. Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are re measured at the exchange rate prevailing on the balance sheet date.
- iii. Non monetary foreign currency items are carried at cost.
- iv. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

X 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 flows 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.

Notes to the Consolidated 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 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.

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 instruments 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 effective hedging instruments.

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.

Notes to the Consolidated Financial Statements

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 remeasured 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.

XI **Leases**

i **Lease payments**

Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii **Lease assets**

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

XII **Employee Benefits**

i **Short term employee benefits**

Short – term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. **Defined benefit plans**

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

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

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

iii. **Other long-term employee benefits**

The Company's net obligation in respect of long – term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement is recognised in Statement of Profit and Loss in the period in which they arise.

Notes to the Consolidated Financial Statements

XIII 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.

Current tax assets and liabilities are offset only if, the Company:

- > has a legally enforceable right to set off the recognised amounts; and
- > intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax

Deferred tax is 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 rates 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.

Deferred tax assets and liabilities are offset only if:

- > entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- > deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

XIV Impairment of Assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

XV 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.

XVI Warranty Provision

Provision for warranty related costs are recognised after the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience. The estimates of warranty related costs are revised periodically.

XVII 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.

XVIII Earnings per share

- i Basic earnings per share: Basic earnings per share is calculated by dividing:
 - the profit attributable to owners of the group
 - by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.
- ii Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
 - the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
 - the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

i Subsidiary and Associate Companies considered in the Consolidated Financial Statements:

a Subsidiary Companies

Name of the Subsidiary	Nature of Business	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited	SEZ Developer	India	100%
Reliance Marine and Offshore Limited (formerly Pipavav Marine and Offshore Limited)	Yet to Commence business	India	100%
Reliance Lighter Than Air Systems Private Limited (formerly Pipavav Lighter Than Air Systems Private Limited)	Manufacturing of Air ships and aerostate	India	100%
PDOC Pte. Ltd.	Yet to Commence business	Singapore	100%
Reliance Engineering and Defence Services Limited (formerly Pipavav Engineering and Defence Services Limited)	Engineering Services	India	100%
Reliance Technologies and Systems Private Limited (formerly Pipavav Technologies and Systems Private Limited)	Yet to Commence business	India	100%

b Associate Company

Name of the Associate	Country of Incorporation and place of business	Proportion of Ownership Interest
Conceptia Software Technologies Private Limited (The Company is engaged in the business of Software Design)	India	25.50%

c The carrying amount of investment in associate includes Goodwill of ₹ 110.21 Lacs.

Notes to the Consolidated Financial Statements

Notes - 2

₹ in Lacs

Particulars	Gross Block			Depreciation and Amortisation			Net Block			
	As at 1-Apr-16	Additions during the year	Deductions/ Disposals	As at 31-Mar-17	Upto 31-Mar-16	For the year	Deductions/ Disposals	Upto 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
2A Property, Plant and Equipments										
Owned Assets										
Land and Site Development Buildings	49,073.00	-	-	49,073.00	-	-	-	-	49,073.00	49,073.00
Plant and Equipments	55,137.12	81.54	9.29	55,137.12	10,646.37	1,736.96	-	12,383.33	42,753.79	44,490.75
Furniture and Fixtures	5,22,258.31	4.70	-	5,22,330.56	68,584.99	16,981.31	0.98	85,565.32	4,36,765.24	4,53,673.32
Office Equipments	960.08	18.03	1.12	964.78	561.36	74.25	-	635.61	329.17	398.72
Vehicles	335.09	9.27	-	352.00	242.98	37.15	0.66	279.47	72.53	92.11
	628.92	-	-	638.19	286.35	67.68	-	354.03	284.16	342.57
Sub Total	6,28,392.52	113.54	10.41	6,28,495.65	80,322.05	18,897.35	1.64	99,217.76	5,29,277.89	5,48,070.47
Leased Assets										
Leasehold Land and Development	48,448.78	-	-	48,448.78	11,724.80	1,762.52	-	13,487.32	34,961.46	36,723.98
Sub Total	48,448.78	-	-	48,448.78	11,724.80	1,762.52	-	13,487.32	34,961.46	36,723.98
Total	6,76,841.30	113.54	10.41	6,76,944.43	92,046.85	20,659.87	1.64	1,12,705.08	5,64,239.35	5,84,794.45
2B Intangible Assets										
Computer Softwares*	983.29	4.20	-	987.49	671.04	129.13	-	800.17	187.32	312.25
Total	983.29	4.20	-	987.49	671.04	129.13	-	800.17	187.32	312.25
Total (2A+ 2B)	6,77,824.59	117.74	10.41	6,77,931.92	92,717.89	20,789.00	1.64	1,13,505.25	5,64,426.67	5,85,106.70
Previous Year	6,75,646.00	2,302.09	195.70	6,77,752.39	70,661.79	22,135.61	151.71	92,645.69	5,85,106.70	
2C Capital Work in Progress										
2D Intangible Assets under development										
									4,17,314.98	3,80,267.58
									9,505.83	8,115.47

* Other than Internally Generated.
 2.1 The Leasehold Land and Development represents the cost incurred for reclaiming, development and strengthening of the Land. Buildings and Plant & equipments are constructed / installed on leasehold Land.
 2.2 All the fixed assets of the Company are either mortgage or hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 18 to the financial statements.

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

2.3 Capital Work in Progress includes:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
- Assets under construction and installation *	2,45,660.81	2,44,715.83
- Preoperative expenses	1,71,654.17	1,35,551.75

* net of impairment provision of ₹ 20,555.26 Lacs (previous year: ₹ 20,555.26 Lacs)

2.4 Intangible Assets under development includes:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
- Software development and Licence Fees	8,188.25	6,820.69
- Preoperative expenses	1,317.58	1,294.78

2.5 Details of Preoperative expenses are as under:

Particulars	₹ in Lacs	
	2016-17	2015 - 2016
Opening Balance	1,36,846.53	1,01,931.01
Add:		
Salaries, Wages and Allowances	130.44	38.09
Insurance	79.55	109.97
Finance Costs		
Interest Expenses	38,245.32	34,982.21
Exchange Differences regarded as an adjustment to borrowing costs	-	1,977.30
Less:		
Redemption premium	2,330.09	2,192.05
	1,72,971.75	1,36,846.53
Closing Balance	1,72,971.75	1,36,846.53

2.6 During the year the Company has capitalised borrowing cost aggregating to ₹ 35,915.23 Lacs (Previous year: ₹ 34,767.46 Lacs). The Average rate used to determine the amount of borrowing Cost is 9.73%, Additions during the year to the Plant and Equipments include interest and financial charges of ₹ NIL (Previous Year : ₹ NIL).

2.7 In accordance with the Ind - AS 36 on "Impairment of Assets", during the year the Management has carried out an exercise of identifying the assets that would have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year.

Notes to the Consolidated Financial Statements

Note - 3

Investments

Particulars	% of holding	Face Value	Numbers		₹ in Lacs	
			March 31, 2017	March 31, 2016	As at March 31, 2017	As at March 31, 2016
Long Term Trade Investments (Unquoted and fully paid up)- Financial Assets Measured at Cost						
In Equity Instruments of Associate Company						
Conceptia Software Technologies Private Limited	25.50%	₹ 10.00	112,200	112,200	244.06	233.78
					244.06	233.78
in 0% Non Convertible Non Secured Bonds of the Corporates						
Avocado Reality Private Limited		₹ 100000	6,173	6,173	6,173.00	6,173.00
Budding Merchantile Company Private Limited		₹ 100000	6,545	6,545	6,545.00	6,545.00
Replinish Reality Private Limited		₹ 100000	4,500	4,500	4,500.00	4,500.00
Slimline Reality Private Limited		₹ 100000	5,300	5,300	5,300.00	5,300.00
Winsome Reality Private Limited		₹ 100000	7,450	7,450	7,450.00	7,450.00
					29,968.00	29,968.00
In Government and Other Securities						
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	-	0.05	0.05
					0.05	0.05
Total					30,212.11	30,201.83

3.1 Refer note no. 1(g)(X) for basis of valuation.

3.2 Aggregate amount of Non Current Investments.

Particulars	₹ in Lacs			
	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	30,212.11	-	30,201.83	-
Total	30,212.11	-	30,201.83	-

3.3 The above bonds carries redemption premium of 40%, payable at the time of redemption i.e. 5 years from the date of allotment July 26, 2014. redemption premium has been accounted considering effective rate of return i.e. 6.96% P.A. Reliance Marine and Offshore Limited (RMOL) has invested in bonds of above companies, who are in control of about 214 acres of land at Jhansi, Uttar Pradesh. RMOL intends to use this land for manufacture and repairs in course of its business activities.

Note - 4

Other Financial Assets

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Fixed Deposits with Banks held as Margin Money	1,259.84	2,596.75
Redemption Premium Receivable	5,948.34	3,618.25
Total	7,208.18	6,215.00

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 5

Other Non Current Assets (Unsecured and considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Capital Advances	33,563.59	33,563.59
Security Deposits with Others	713.23	630.84
MAT credit entitlement	3,468.91	3,468.91
Total	37,745.73	37,663.34

5.1 The amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Income Tax Act, 1961 ("the Act"), other than section 115JB, in next fifteen years. Based on the future projection of the performances, the Company is expected to pay the Income Tax as per the applicable provisions, other than under section 115JB, of the Act. Accordingly, as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India (the ICAI), the excess of tax payable under section 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement.

Note - 6

Inventories

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Raw Materials	75,317.33	53,091.22
Raw Materials in Transit	512.44	2,721.15
Work in Progress	588.02	4,692.58
Stores and Spares	1,081.53	894.52
Scrap	46.46	36.83
Total	77,545.78	61,436.30

6.1 Refer Note No. 1(h)(VI) for basis of valuation.

6.2 All the Inventories of the Company are either mortgaged or hypothecated against the secured borrowings of the Company as detailed in note no. 14 and 18 to the financial statements.

Note - 7

Current Investments (Unquoted)

Particulars	Face Value (₹)	As at March 31, 2017		As at March 31, 2016	
		Numbers	Amount	Numbers	Amount
Financials Assets carried at fair value through profit & loss					
In Units of Mutual Funds					
SBI - Magnum Insta Cash Fund - Daily Dividend Option	₹ 1,675.03	60,899	1,020.07	-	-
SBI MF Premier Liquid Fund	₹ 1,003.25	-	-	951.00	9.54
Reliance Liquid Fund - Treasury Plan	₹ 1,528.74	19,744	301.83	-	-
Total			1,321.90		9.54

Notes to the Consolidated Financial Statements

7.1 Refer Note No. 1(h)(X) for basis of valuation.

7.2 Aggregate amount of Current Investments.

	₹ in Lacs			
	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	-	-	-	-
Unquoted Investments	1,321.90	-	9.54	-
Total	1,321.90	-	9.54	-

Note - 8

Trade Receivables (Unsecured)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Considered Good	345.02	1,098.33
Considered Doubtful	87,234.55	83,024.11
	87,579.57	84,122.44
Less: Provision for Impairment	87,234.55	83,024.11
	345.02	1,098.33
Total	345.02	1,098.33

8.1 Trade receivables are non- interest bearing and receivable in normal operating cycle

Note - 9

Cash and Cash Equivalents

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Balances with Banks In Current Accounts	3,634.92	4,665.20
Cash on hand	0.98	4.04
Total	3,635.90	4,669.24

9.1 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 - 30.12.2016

Particulars	Specified	Other	Total
	Bank Notes	Denomination Notes	
Closing Cash in hand as on 08.11.2016	0.93	0.39	1.32
Add: Permitted Receipts	-	2.46	2.46
Less: Permitted Payments	-	2.56	2.56
Less: Amount Deposited in Banks	0.93	-	0.93
Closing Cash in hand as on 30.12.2016	-	0.29	0.29

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 10

Other Bank Balances

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Share Application Money Refund Account	-	5.36
Fixed Deposits with Banks held as Margin Money	8,233.15	11,277.47
Total	<u>8,233.15</u>	<u>11,282.83</u>

Note - 11

Other Current Financial Assets (Unsecured & considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Interest Receivable	413.57	437.05
Total	<u>413.57</u>	<u>437.05</u>

Note - 12

Other Current Assets (Unsecured & considered good)

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Security Deposits	56.85	71.59
Prepaid Expenses	496.38	367.56
Cenvat / VAT recoverable	2,059.75	1,151.40
Advance against purchase of material / services	21,460.10	18,795.72
Shipbuilding Contracts Receivables	35,586.69	21,672.48
Subsidy/Grants Receivable	3,551.14	2,323.42
Other Advances *	3,817.29	6,024.72
Total	<u>67,028.20</u>	<u>50,406.89</u>

* Mainly includes interest receivables and VAT/Cenvat refundable/to be availed.

Note - 13

Share Capital

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Authorised		
11,000,000,000 (Previous Year 15,000,000,000) Equity Shares of ₹ 10/- each	11,00,000.00	15,00,000.00
4,000,000,000 (Previous Year NIL) Preference Shares of ₹ 10/- each	<u>4,00,000.00</u>	<u>-</u>
	<u>15,00,000.00</u>	<u>15,00,000.00</u>
Issued, Subscribed and fully paid up		
736,206,269 (Previous Year 736,206,269) Equity Shares of ₹ 10/- each fully paid up	73,620.63	73,620.63
Total	<u>73,620.63</u>	<u>73,620.63</u>

Notes to the Consolidated Financial Statements

13.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year: ₹ in Lacs

Particulars	As at March 31, 2017		As at March 31, 2016	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	73,62,06,269	73,620.63	73,62,06,269	73,620.63
Add: Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	<u>73,62,06,269</u>	<u>73,620.63</u>	<u>73,62,06,269</u>	<u>73,620.63</u>

13.2 Shareholders holding more than 5% Shares in the Company:

Shares held by	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% Holding	No. of Shares	% Holding
Reliance Defence Systems Private Limited	22,64,53,025	30.76%	22,01,03,025	29.90%
SKIL Infrastructure Limited	16,75,36,936	22.76%	18,12,03,128	24.61%
Life Insurance Corporation of India	5,84,65,899	7.94%	5,84,65,899	7.94%
IL & FS Marine Infrastructure Company Limited	5,31,10,674	7.21%	5,31,10,674	7.21%

13.3 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 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 in proportionate to the number of equity shares held by the shareholders.

13.4 Reserved Shares

Pursuant to proposed refinance Scheme to the lenders and exit from Debt Restructuring Scheme the existing loan up to ₹ 655 Crore will be refinanced through issuance of Equity Share and loan up to ₹ 2,300 Crore will be refinanced through issuance of 0.10% Compulsorily Redeemable Preference Share.

Note - 14 Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
₹ in Lacs		
Secured Loans		
50 (Previous Year: 50) 14% Secured Non Convertible Debentures of ₹ 1 Crore each	5,000.00	5,000.00
Rupee Term Loans from:		
Banks	4,71,643.88	4,72,789.32
Financial Institutions	65,860.17	64,450.01
Body Corporates	15,101.39	491.07
	<u>5,52,605.44</u>	<u>5,37,730.40</u>
Foreign Currency Term Loans from:		
Financial Institution	21,163.32	20,748.93
	<u>21,163.32</u>	<u>20,748.93</u>
Vehicle Loans	94.44	135.75
	<u>94.44</u>	<u>135.75</u>
Total Secured Loans	5,78,863.20	5,63,615.08
Unsecured Loans		
Rupee Term Loans from:		
Financial Institutions	2,527.76	7,583.25
	<u>2,527.76</u>	<u>7,583.25</u>
Foreign Currency Term Loans from:		
Body Corporate	-	8,391.22
	-	<u>8,391.22</u>
Inter Corporate Deposits from:		
Body Corporates	14,435.10	18,800.00
	<u>14,435.10</u>	<u>18,800.00</u>
Total Unsecured Loans	16,962.86	34,774.47
Total	<u>5,95,826.06</u>	<u>5,98,389.55</u>

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Unsecured Loans

14.1 14% Secured Non-Convertible Debentures

- i) E-Complex Private Limited has the right to redeem the Debentures in full or in multiples of ₹ 10 crores at any time after 12 month from the Date of allotment of Debentures i.e. March 30, 2015 as per the Schedule below:-

Period	Applicable rate for redemption premium, quarterly compounded
Redemption within 24 months from the date of issuance	4.00 % p.a. on the amount redeemed
Redemption within 36 months from date of issuance, but post 24 months	8.00 % p.a., on the amount redeemed, from the beginning of the term.
Redemption post 36 months	10.00 % p.a., on the amount redeemed, from the beginning of the term.

- ii) The NCDs are secured by first charge and mortgage:
- a On the parcel of land covering survey no. 735 P-2 situated at Village Rampara - II, Taluka- Rajula, District - Amreli in the State of Gujarat together with all buildings, structures, furnitures and fittings or anything permanently erected/attached/installed or to be erected/installed.
- b On the parcel of land admeasuring 27.48 hectare situated at Vilage Chhanje, Taluka Uran and District Raigarh in the state of Maharashtra belonging to Other Corporates
- iii) These NCDs are further guaranteed by the Holding Company and personal guarantee of some of the directors of the Holding Company
- iv) E Complex Private Limited was required to provide Debenture Redemption Reserve (DRR) of ₹ 624.12 Lacs upto March 31, 2017 (Previous Year: 312.07 Lacs) in terms of the Trust Deed executed and the provisions of the Companies Act 2013. In the absence of profits available, no provision for DRR is made in the books of account as at March 31, 2017. The requisite provisions will be made out of the profits available in the future years.

14.2 The Company had availed various secured financial facilities from the banks and financial institutions ("The Lenders"). The Lenders led by IDBI Bank had, through Joint Lenders' Forum (JLF), referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Restructuring Scheme was subsequently approved by CDR Cell on March 18, 2015 and communicated vide Letter of Approval (LOA) dated March 27, 2015. The Cut Off Date as per Restructuring Scheme is July 1, 2014 ('COD'). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. The Restructuring scheme has been implemented as at March 31, 2015 with effect from the COD.

14.3 In terms of the MRA entered with certain lenders of the Company for Debt Restructuring, each of those Lenders has a right of recompense as per extant guidelines of CDR for the reliefs and sacrifices extended by them. The amount of recompense being depending on various matters cannot be ascertained as on date

14.4 Secured Term loans as referred to above and ₹ 41,582.39 Lacs being part of current maturities of long term debt in note no. 20 are secured as under:

- i) ₹ 615,192.98 Lacs by first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future, Corporate Guarantee of SKIL Infrastructure Limited and by way of Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 Equity Shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 Equity Share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.
- ii) Personal guarantee by some of the directors of the Company.
- iii) ₹ 158.17 Lacs secured by exclusive charge on land situated at 675-P2, Rampura Village II border, Registration district- Amreli, Taluka Rajula, Gujarat.

14.5 Secured Term loans of ₹ 606,249.87 Lacs are further secured as:

- i) first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board and second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.

Notes to the Consolidated Financial Statements

- ii) right to convert entire part of defaulted principal and interest into Equity Shares upon occurrence of events of default in the manner provided in the MRA.
- iii) by way of Pledge of entire shareholding i.e. 2,17,09,327 Equity Shares of E Complex Private Limited held by the Company.

14.6 Vehicle Loans referred to above including ₹ 45.05 Lacs being part of current maturities of long term debts in note no. 20 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated installments (including interest) as per repayment schedule starting from July 01, 2012 to March 15, 2021.

14.7 Repayment Terms

- (i) Secured Rupee Term Loan of ₹ 524,799.41 Lacs are repayable in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 26,685.75 Lacs are repayable in 24 quarterly structured installment starting from June 30, 2019 to March 31, 2025, ₹ 18,500.00 Lacs in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 8,403.00 Lacs in 40 quarterly structured installments starting from August 31, 2005 to February 28, 2017, ₹ 15,101.39 Lacs in 61 quarterly structured installment starting from March 31, 2019 to March 31, 2034. ₹ 540.11 Lacs on May 25, 2017 by way of bullet repayment and ₹ 158.17 lacs in 60 monthly equated installments (including interest) starting from January 30, 2015 to November 28, 2019.
- (ii) Secured Foreign Currency Term Loan as referred above carry an interest rate of 2.78% and repayable in 41 quarterly structured installment starting from March 31, 2019 to March 31, 2029.

14.8 The maturity profile, period and amount of installments of Secured Term Loans as referred above including current maturities of long term debt of ₹ 41,582.39 Lacs referred to in note no. 20 are as under:

Financial Year	Banks	Financial Institutions	Body Corporates	₹ in Lacs Total
	-	-	-	-
2017 - 2018	28,435.44	4,203.84	540.11	33,179.39
2018 - 2019	56,864.34	8,450.89	15.10	65,330.33
2019 - 2020	59,859.01	8,515.70	37.75	68,412.46
2020 - 2021	60,688.25	9,336.66	324.68	70,349.59
2021 - 2022	63,238.25	9,487.89	377.53	73,103.67
2022 - 2023	81,717.67	13,370.66	755.07	95,843.40
2023 - 2024	1,00,647.07	16,173.22	755.07	1,17,575.36
2024 - 2025	48,629.29	9,166.82	755.07	58,551.18
2025 - 2026	-	2,160.42	755.07	2,915.49
2026 - 2027	-	2,160.42	755.07	2,915.49
2027 - 2028	-	4,320.84	1,510.14	5,830.98
2028 - 2029	-	3,879.97	1,510.14	5,390.11
2029 - 2030	-	-	1,510.14	1,510.14
2030 - 2031	-	-	1,510.14	1,510.14
2031 - 2032	-	-	1,510.14	1,510.14
2032 - 2033	-	-	1,510.14	1,510.14
2033 - 2034	-	-	1,510.14	1,510.14
Total	5,00,079.32	91,227.33	15,641.50	6,06,948.15

14.9 Unsecured Rupee Term Loan from Financial Institution and Body Corporates including ₹ 8,847.12 Lacs included in current maturities of long term debts in note no. 20 are secured as under:

- i) ₹ 11,374.87 Lacs by way of pledge of 10,425,819 shares of SKIL Infrastructure Limited and Non Disposable Agreement along with irrevocable power of attorney for creating of charge on 50,00,000 shares of SKIL Infrastructure Limited 70,00,000 shares of Reliance Defence and Engineering Limited and 8,00,000 shares of Everon Limited. The loan is further secured by land owned by Other Corporates in Navi Mumbai admeasuring about 9 acres mortgaged.
- ii) ₹ 6,635.10 Lacs by way of first charge of mortgage on approximately 66 acres of land belonging to other corporates. The loan is further guaranteed by SKIL Infrastructure Limited and secured by pledge of 6,254,178 fully paid up equity share of the Company held by SKIL Infrastructure Limited.
- iii) ₹ 7,000 Lacs by way of first charge of mortgage on property situated at Plot No. 95/1, Oomer Park, Bhulabhai Desai Road, Mumbai 400026, admeasuring 7758 Sq feet, 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

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

to other corporates, 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.

- iv) Unsecured loan from Body Corporates of ₹ 800 Lacs are secured by way of unencumbered share of Reliance Defence and Engineering Limited and SKIL Infrastructure Limited.
- v) The above loans are further guaranteed by some of the directors of the Company.

14.10 The maturity profile, period and amount of installments of Unsecured Term Loans as referred above are as under:

Financial Year	₹ in Lacs		Total
	Rupee Term Loan from Body Corporates	Rupee Term from Financial Institutions	
2017 - 2018	-	5,055.50	5,055.50
2018 - 2019	7,435.10	2,527.75	9,962.85
2019 - 2020	7,000.00	-	7,000.00
		-	
Total	14,435.10	7,583.25	22,018.35

14.11 Repayment Terms of Unsecured Loans

- (i) Unsecured Rupee Term loan from financial institutions is repayable in 16 equal quarterly installments with a moratorium of 1 year from the first disbursement i.e October 2013.
- (ii) Unsecured Rupee Term loan from body corporates include ₹ 6,635.10 Lacs repayable at the end of 48 Month from the date of first disbursement i.e. 30th December, 2014, ₹ 7,000 Lacs at the end of 42 Month from the date of first disbursement i.e. 23rd December, 2015, ₹ 800 Lacs at the end of 36 Month from the date of first disbursement i.e. 27th October, 2015.

14.12 As at March 31, 2017, the Company has overdue of ₹ 18,829.72 Lacs (Previous Year: ₹ 10,716.70 Lacs) and ₹ 15,492.01 Lacs (Previous Year: ₹ 5,562.41 Lacs) towards the principal and interest respectively.

As at March 31, 2017, the Company has overdue of ₹ 18,829.72 Lacs (Previous Year: ₹ 10,716.70 Lacs) and ₹ 15,492.01 Lacs (Previous Year: ₹ 5,562.41 Lacs) towards the principal and interest respectively

₹ in Lacs			
S. No	Name of Lender	Amount of Default	Period of Default
01	Bank of Maharashtra	133.26	Less than 60 Days
02	Central Bank of India	807.14	Less than 60 Days
03	Corporation Bank	399.06	Less than 60 Days
04	EXIM	511.38	Less than 60 Days
05	HUDCO	13,471.53	More than 60 days
06	IDBI Bank	976.47	Less than 60 Days
07	IIFCL UK	127.56	Less than 60 Days
08	Jammu and Kashmir Bank	397.67	Less than 60 Days
09	Karnataka Bank Limited	54.78	Less than 60 Days
10	Karur Vysya Bank	54.48	Less than 60 Days
11	LIC of India	133.61	Less than 60 Days
12	Oriental Bank of Commerce	105.63	Less than 60 Days
13	Punjab National Bank	220.93	Less than 60 Days
14	UCO Bank	133.56	Less than 60 Days
15	Union Bank of India	1,021.75	Less than 60 Days
16	United Bank of India	144.34	Less than 60 Days
17	Vijaya Bank	36.62	Less than 60 Days
18	Yes Bank	733.47	Less than 60 Days
19	IFCI	6,213.37	More than 60 days
20	ECL Finance Limited	444.62	More than 60 days
21	Religare Finvest Limited	7,878.08	More than 60 days
22	Debentures	322.42	More than 60 days

Notes to the Consolidated Financial Statements

Note - 15

Provisions

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits (refer note no 28.2)	326.20	298.73
Total	326.20	298.73

Note - 16

Deferred Tax Liabilities (Net)

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	5,051.51	32,859.24
Tax Expenses (Income) recognised in:		
Statement of Profit and Loss		
Difference in Tax Base of Property, plant and equipment	3,759.09	30.39
Disallowance in income tax	(7,341.98)	(7,444.66)
Depreciation losses	(5,886.47)	(10,006.12)
Business losses	(8,810.79)	(10,448.47)
	(18,280.15)	(27,868.86)
Other Comprehensive Income		
Related to Employee benefits	(31.45)	61.13
Closing Balance	(13,260.09)	5,051.51

16.1 Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate:

Since the Company has incurred loss during the year 2016-17 and previous year 2015-16 and no tax is payable for these years as per provisions of Income Tax Act, 1961, the calculation of effective tax rate is not relevant and hence, not given.

- 16.2 The Company has recognised deferred tax assets on carry forward business losses as sufficient future taxable income will be available against which deferred tax assets can be realised considering its present order book and anticipated orders and opportunities in the defence sector as convincing evidences. Further the Company has net deferred tax assets of ₹ 1,512.81 Lacs in one of its subsidiary company. In the absence of convincing evidences that sufficient future taxable income will be available against which deferred tax assets can be realised, the same has not been recognised in the books of account in line with Ind - AS 12 on Income Taxes.

Note - 17

Other Non Current Liabilities

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Deposits	5.50	-
Advances from Customers	-	5,624.21
Total	5.50	5,624.21

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 18

Short Term Borrowings

Particulars	₹ in Lacs	
	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	1,08,865.17	99,762.86
Unsecured Loans from:		
Banks	31,560.29	32,678.22
Related Party (refer note no 37)	1,15,222.34	36,223.21
Body Corporates	43,660.27	19,146.97
	1,90,442.90	88,048.40
Total	2,99,308.07	1,87,811.26

- 18.1 The above working capital loans from banks include ₹ 108,286.43 lacs secured by way of:
- First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
 - Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
 - Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.
- 18.2 Working capital loans from banks of ₹ 108,286.43 Lacs are further secured by :
- Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
 - Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of SKIL group, to the CDR Lenders upon release of such charge.
 - Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E Complex Private Limited held by the Company.
- 18.3 The Working Capital Loan from Bank of ₹ 578.74 Lacs is secured by registered mortgage of the land situated at Survey no 589/P2, 668/P2/ and 515 Village Lunsapur, Taluka Jafrabad, Dist. Amreli, PIN-36560, Gujarat, India., and further guaranteed by one of the director of the Company.
- 18.4 Unsecured Loan from Body Corporates include ₹ 3,665.97 Lacs secured by:
- First charge by way of mortgage of land admeasuring about 151.426 acre situated at Borgaon, Taluka Pen, District Raigad in the State of Maharashtra owned by other corporates.
 - Pledge of 4,922,754 fully paid up equity shares of the Reliance Defence and Engineering Limited and 10,404,336 fully paid up equity share of SKIL Infrastructure Limited.
 - Corporate guarantee of SKIL Infrastructure Limited and one of the director of the Company.
- 18.5 As on March 31st, 2017, the Company has overdue of ₹ 3,665.97 Lacs (Previous Year: ₹ 10,270.89 Lacs) and ₹ 241.70 Lacs (Previous Year: ₹ 2,470.25 Lacs) towards the principal and interest respectively which is due for a period of less than 90 days.

Notes to the Consolidated Financial Statements

Note - 19

Trade Payables

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Micro and Small Enterprises	284.79	315.30
Others	26,879.30	26,988.87
Total	27,164.09	27,304.17

19.1 Micro and Small Enterprises under the Micro and Small Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Principal amount remaining unpaid	284.79	315.30
Interest due thereon	340.71	239.55
Interest accrued and remaining unpaid	340.71	239.55
Interest remaining due and payable even in succeeding years	340.71	239.55

19.2 All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

Note - 20

Other Current Financial Liabilities

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Debts	50,474.56	44,379.20
Creditors for Capital Goods	4,673.84	12,941.43
Statutory Dues	2,947.67	3,568.29
Interest accrued and due on borrowings	15,733.71	8,032.66
Interest accrued but not due on borrowings	22,431.92	6,977.39
Unclaimed Share Application Money	-	5.36
Other Payables *	3,291.26	4,542.23
Total	99,552.96	80,446.56

* Includes mainly amount payables to employees and provision for expenses.

Note - 21

Other Current Liabilities

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
Advances from Customers	7,849.50	4,597.97
Total	7,849.50	4,597.97

Note - 22

Current Provisions

	₹ in Lacs	
Particulars	As at March 31, 2017	As at March 31, 2016
for Employee Benefits (refer note no 28.2)	131.38	156.72
Other Provisions (refer note no 22.1)	67,316.92	69,978.43
Total	67,448.30	70,135.15

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

22.1 The Company has recognised liabilities based on substantial degree of estimation for provision for warranty claims, estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as detailed below. Actual outflow is expected in the subsequent financial years.

Particulars	₹ in Lacs		
	Provision for Warranty claims	Provision for estimated cost over contract revenue	Provision for cost estimated for revenue recognised
Balance as at March 31, 2016	71.00	3,744.91	66,162.52
Add: provision made for the year ended March 31, 2017	17.27	7,189.07	25,555.93
Less: Amount Incurred and charged against the opening balance	17.27	3,744.91	31,661.60
Balance as at March 31, 2017	71.00	7,189.07	60,056.85

Note - 23

Revenue from Operations

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Ship Building	36,788.85	20,613.79
Repairs and Fabrication	14,778.80	11,061.81
Sale of Traded Goods (Gold)	4,458.69	-
Other Operating Revenue		
Sale of Scraps	498.67	531.65
Berth usage charges	-	98.58
	56,525.01	32,305.83
Less: Service Tax Recovered	119.86	1,057.11
Total	56,405.15	31,248.72

Note - 24

Other Income

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income	861.23	1,269.24
Government Grants	1,398.31	-
Dividend on Current Investments	31.84	32.18
Foreign Exchange Differences (net)	1,425.56	-
Sundry Balances Written Back (net)	-	1,883.55
Miscellaneous Income	189.73	181.95
Total	3,906.67	3,366.92

Notes to the Consolidated Financial Statements

Note - 25

Cost of Materials Consumed

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Steel Plates and Profiles	1,568.18	1,833.19
Equipment and Components	21,585.20	7,351.40
Total	23,153.38	9,184.59

Note - 26

Purchase of Stock - in - Trade

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Gold Items	4,473.30	-
Total	4,473.30	-

Note - 27

Changes in Inventories of Work - in - Progress and Scrap

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
At the end of the year		
Scrap	46.46	36.83
Work in progress	588.02	4,692.58
a	634.48	4,729.41
At the beginning of the year		
Scrap	36.83	112.21
Work in progress	4,692.57	1,064.18
b	4,729.40	1,176.39
Changes in Inventories	(b-a) 4,094.92	(3,553.02)

Note - 28

Employee Benefits Expenses

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, Wages and Allowances	3,555.98	5,456.23
Contribution to Provident and Other Funds	162.34	200.35
Staff Welfare Expenses	93.71	150.97
Total	3,812.03	5,807.55

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

28.1 Salary, wages and allowances includes remuneration paid to Executive Director of ₹ 107.03 Lacs which is in excess of limits prescribed under section 198 and Schedule V of the Companies Act 2013. The Company has filed necessary application for approval of Central Government, which is awaited.

28.2 Employee Benefits

As per Ind AS-19 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Employers Contribution to Provident Fund	107.87	140.87
Employers Contribution to Pension Fund	54.47	59.48
	162.34	200.35

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Gratuity

i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation

Particulars	₹ in Lacs			
	2016 - 2017		2015 - 2016	
	Funded	Non funded	Funded	Non funded
Defined Benefit Obligation at beginning of the year	247.13	-	259.18	2.92
Current & Past Service Cost	61.13	-	64.98	-
Current Interest Cost	13.26	-	17.49	-
Actuarial (Gain) / Loss	56.19	-	(30.26)	-
Benefits paid/Reversed	(99.22)	-	(64.26)	(2.92)
Defined Benefit Obligation at end of the year	278.49	-	247.13	-

ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets

Particulars	₹ in Lacs			
	2016 - 2017		2015 - 2016	
	Funded	Non funded	Funded	Non funded
Fair Value of Plan Assets at the beginning of the year	63.70	-	69.60	-
Expected Return on Plan Assets	5.05	-	4.67	-
Actuarial Gain / (Loss)	11.75	-	(10.56)	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Fair Value of the Assets at the end of the year	80.50	-	63.70	-

iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

Particulars	₹ in Lacs			
	2016 - 2017		2015 - 2016	
	Funded	Non funded	Funded	Non funded
Fair Value of Plan Assets at the end of the year	80.50	-	63.70	-
Present Value of Defined Benefit Obligation at end of the year	278.49	-	247.13	-
Liabilities / (Assets) recognised in the Balance Sheet	197.99	-	183.43	-

Notes to the Consolidated Financial Statements

iv) Expenses recognised during the year

₹ in Lacs

Particulars	2016 - 2017		2015 - 2016	
	Funded	Non funded	Funded	Non funded
Current & Past Service Cost	61.13	-	64.98	-
Interest Cost	13.26	-	17.49	-
Expected Return on Plan Assets	(5.05)	-	(4.67)	-
Net Cost Recognised in profit or loss	113.78	-	77.80	-
Actuarial (Gain) / Loss recognised in other comprehensive income	44.44	-	(19.70)	-

v) Assumptions used to determine the defined benefit obligations

Particulars	2016 - 2017		2015 - 2016	
	Funded	Non funded	Funded	Non funded
Mortality Table (LIC)	(2006 - 08 ultimate)		(2006 - 08 ultimate)	
Discount Rate (p.a.)	6.71%	NA	7.70%	NA
Estimated Rate of Return on Plan Asset	7.00%	NA	7.00%	NA
Expected Rate of increase in Salary (p.a.)	7.00%	NA	7.00%	NA

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

vi) Amounts for the Current and previous year for Gratuity Funded are as follows:

₹ in Lacs

Particulars	2016 - 2017	2015-2016	2014 - 2015	2013 - 2014	2012 - 2013
Defined Benefit Obligation	278.49	247.13	259.18	188.94	169.51
Plan Assets	80.50	63.70	69.59	64.44	59.67
Surplus/(Deficit)	(197.99)	(183.43)	(189.59)	(124.50)	(109.84)
Experience adjustment on plan Assets (Gain)/Loss	(11.75)	10.56	(0.21)	(0.19)	0.10
Experience adjustment on plan Liabilities Gain/ (Loss)	(56.19)	30.26	(12.27)	(27.59)	(8.81)

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

b) Leave Encashment (Unfunded)

i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation.

₹ in Lacs

Particulars	2016 - 2017	2015 - 2016
Defined Benefit Obligation at beginning of the year	272.02	489.28
Current & Past Service Cost	30.20	31.06
Current Interest Cost	14.42	31.57
Actuarial (Gain) / Loss	57.34	(178.11)
Benefits paid/Reversed	(114.38)	(101.78)
Defined Benefit Obligation at end of the year	259.60	272.02

ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

₹ in Lacs

Particulars	2016 - 2017	2015 - 2016
Fair Value of Plan Assets at the end of the year	-	-
Present Value of Defined Benefit Obligation at end of the year	259.60	272.02
Liabilities / (Assets) recognised in the Balance Sheet	259.60	272.02

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

iii) Expenses recognised during the year

Particulars	₹ in Lacs	
	2016 - 2017	2015 - 2016
Current & Past Service Cost	30.20	31.06
Interest Cost	14.42	31.57
Net Cost Recognised in statement of profit or loss	44.62	62.63
Actuarial (Gain) / Loss recognised in other comprehensive income	57.34	(178.11)

iv) Assumptions used to determine the defined benefit obligations

Particulars	2016 - 2017	2015 - 2016
Mortality Table	(2006 - 08 ultimate)	
Discount Rate (p.a.)	6.71 %	7.70%
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

v) Amounts for the Current and previous year for Leave Encashment are as follows:

Particulars	₹ in Lacs				
	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014	2012 - 2013
Defined Benefit Obligation	259.60	272.02	338.15	304.81	244.02
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(259.60)	(272.02)	338.15	(304.81)	244.02
Experience adjustment on plan Liabilities Gain/ (Loss)	44.91	(192.46)	(56.93)	(13.01)	(4.13)

Note - 29

Finance Costs

Particulars	₹ in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses	56,277.51	49,012.79
Other Borrowing Costs (Bill Discounting Charges, Guarantee Commission, etc.)	6,272.62	4,693.57
Total	62,550.13	53,706.36

Notes to the Consolidated Financial Statements

Note - 30

Other Expenses

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumables, Stores and Spares	1,296.41	1,107.33
Power, Fuel and Water	1,645.51	1,719.43
Repairs and Maintenance	841.03	1,645.56
Labour and Fabrication Charges	7,540.15	6,408.24
Equipment Hire Charges	1,458.35	2,916.00
Rent	635.37	2,061.26
Testing and Inspection Charges	631.64	1,390.96
Infrastructure Facility Charges	619.56	-
Excise Duty Expenses	71.14	31.99
Design, Drawing and Construction Support Fees	777.45	565.13
Insurance	1,267.40	1,043.78
Cost Estimated for Revenue Recognised	(3,486.85)	13,112.90
Provision for Estimated Cost Over Contract Revenue	825.34	(4,266.67)
Rates and Taxes	111.24	236.03
Communication Expenses	95.94	124.91
Travelling, Conveyance and Vehicle Hire Charges	742.73	972.20
Legal and Professional Charges	1,046.55	1,513.19
Foreign Exchange Difference (net)	0.21	2,597.92
Payment to Auditors	58.50	59.27
Advertising, Publicity and Selling Expenses	57.85	14.26
Business Promotion Expenses	134.21	117.57
Balances Written Off (net)	250.42	-
Brokrage and Commission	227.61	-
Loss on Sale of Plant, property and equipments (net)	0.01	13.27
Donations	-	10.63
Miscellaneous Expenses	604.18	1,083.30
Total	17,451.95	34,478.46

30.1 Payment to Auditors includes:

	₹ in Lacs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit Fees	55.00	50.00
Certification Charges	3.50	6.50
Other Matters	-	2.77
Total	58.50	59.27

Note - 31

Earnings Per Share (Basic and Diluted)

	2016-2017	2015 - 2016
Loss attributable to the Equity Shareholders	(57,722.45)	(59,242.00)
Amount available for calculation of Basic and Diluted EPS	(a) (57,722.45)	(59,242.00)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b) 73,62,06,269	73,62,06,269
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b) (7.84)	(8.05)

31.1 Pursuant to proposed refinance scheme and exit from CDR, as approved by members of the Company, existing loans upto ₹ 655 Crores will be refinanced through issuance of Equity Shares of ₹ 10 each at a premium of ₹ 49.35 per equity shares. The effect of these potential shares on Earning Per Share are anti-dilutive and hence, they are not considered for the purpose of calculation of diluted earning per share.

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 32

Contingent Liabilities and Commitments

32.1 Contingent Liabilities

(No Cash Outflow is expected except as stated otherwise and not likely to have any material impact on financial position of the Company)

		₹ in Lacs	
Sr. No.	Particulars	2016-2017	2015 - 2016
a)	Guarantees given by Company's Bankers		
i)	Refund Bank Guarantees given to customers (net of liabilities accounted for)	155,557.05	123,260.48
ii)	Other Bank Guarantees (Bank Guarantees are provided under contractual/ legal obligations.)	46,330.79	40,961.75
b)	Demands not acknowledged as Debts (net)		
i)	Income Tax Majorly the tax demand due to disallowances by the Income tax department which include, expenses incurred prior to commencement of business and expenses disallowed U/s. 14 A of the Income Tax Act, 1961.	3,404.16	1,169.97
ii)	Service Tax, Excise Duty and Sales Tax Includes the demand notices received for wrong availment of Cenvat credit mainly on input goods and services in connection to construction of dry dock. The Company has obtained the favourable order of CESTAT in some cases but the department has gone in to the appeal. Further certain amount has been disallowed by the department against the Company's refund claim for service tax paid and Company has challenged the same into appeal for claiming the refund. Such cases also have been considered as part of contingent liability. The company has also received demand for VAT payable on Input services at its Mumbai unit, which has been considered in the contingent liability. The amount considered for contingent liability is aggregate of the amount payable as per the demand notices received less the amount already provided for in the books.	548.57	362.90
iii)	Third Party Claims The suppliers in certain cases have claimed the amount from the Company, which is under dispute. These includes the cases pending at various forums including international/domestic arbitration. Each of the cases have been reviewed and wherever required suitable provisions are made in the books of account and difference between amount demanded and amount provided in the books have been disclosed as contingent liability. Further, the Company has considered contingent liability in respect of liquidated damages payable to the customers in respect of delays in execution of the contract. Further, post CDR, certain lenders have claimed interest/processing fees and other charges, which are more than what the Company is required to pay as per MRA signed between the Company and the Lenders. The Company has submitted the representation to the respective Lenders for the waiver and pending such settlement the amount has been disclosed as contingent liability.	19,202.54	15,418.86
c)	Letters of Credit opened in favour of suppliers (Cash Outflow is expected on receipt of materials from suppliers)	6,923.82	468.60
32.2	Commitments		
a)	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on progressive basis)	63,524.06	69,599.08
b)	Other Commitments (for investment in the Associates and Joint Venture)	802.24	802.24

Notes to the Consolidated Financial Statements

Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 73,400 Lacs (Previous Year: ₹ 73,400 Lacs) in favor of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favor of the President of India for a sum of ₹ 15,300 Lacs (Previous Year : ₹ 15,300 Lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit, a bond cum legal undertaking for ₹ 1,350 Lacs (Previous Year: 1,350 Lacs) in favor of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act 1944.

Note - 34

The Company has received Twenty Four show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates alleged wrong availment of Cenvat/Customs Duty/Service Tax Credit on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 35

The carrying amount of Assets and Liabilities is reasonably approximate to its fair value. In the opinion of the Management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.

Note - 36

Segment Reporting

A. Segment information as per Ind AS - 108 on Operating Segment :

Information provided in respect of revenue items for the year ended March 31, 2017 and in respect of assets/liabilities as at March 31, 2017.

I The risk - return profile of the Company's business is determined predominantly by the nature of its products. The Company is mainly engaged in the business of Shipbuilding, Repair and Fabrication. Further based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used, there are no separate reportable segments.

II Information about Secondary Segment :

Geographical Segment :

	₹ in Lacs	
Particulars	2016-2017	2015 - 2016
Revenue by Geographical Segment		
Within India	54,679.20	31,130.70
Outside India	1,725.95	86.03
Total Revenue	56,405.15	31,216.73
Carrying Amount of Segment Assets		
Within India	12,02,315.53	11,43,462.00
Outside India	39,856.94	38,681.50
Total Assets	12,42,172.47	11,82,143.50
Capital Expenditure		
Within India	38,555.50	38,778.94
Outside India	-	-

III Revenue from Major Customers :

Revenue from operations include ₹ 49,545.55 Lacs (Previous Year: ₹ 28,463.43 Lacs)from three customers (Previous Year: three customers) having more than 10% revenue of total revenue

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 37

Related Party Disclosures

a) List of Related parties

1 Associates

Reliance Defence Systems Private Limited
 Reliance Infrastructure Limited
 SKIL Infrastructure Limited
 Conceptia Software Technologies Private Limited

2 Key Managerial Personnel

Mr. Harisimran Singh Malhi (up to 31.03.2017)
 Mr. Sridahr Krishnamurthy (upto 15.10.2016)
 Mr. Madan Pendse (w.e.f. 17.10.2016)
 Mr. Ajit Dabholakar

b) Terms and Conditions of transactions with related parties

The Transactions with related parties are at arm's length price and in the ordinary course of business. 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 at each financial year through examining the financial position of the related party and the market in which the related party operates.

c) 1 Transactions with related parties for the year ended March 31, 2017 (for the period of relationship exist)

₹ in Lacs

Nature of transactions	Associates				Total
	SKIL Infrastructure Limited	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Ltd	Reliance Defence Systems Private Limited	
Design Drawing and Construction Support Fees	-	45.39	-	-	45.39
	(-)	(52.96)	(-)	(-)	(52.96)
Rent	-	-	301.84	-	301.84
	(-)	(-)	(-)	(-)	(-)
Equipment Hire Charges	-	-	139.07	-	139.07
	(-)	(-)	(-)	(-)	(-)
Interest Expenses on ICD	779.25	-	9,114.75	54.23	9,948.23
	(292.47)	(-)	(574.13)	(-)	(866.60)
Expenses Reimbursed to	-	-	3.88	-	3.88
	(-)	(-)	(-)	(-)	(-)
Assignment of Investment	-	-	-	-	-
	(81.00)	(-)	(-)	(-)	(81.00)
Trade Payables	-	36.02	-	-	36.02
	(-)	(45.88)	(-)	(-)	(45.88)
Other Payables	29.90	-	-	-	29.90
	(29.90)	(-)	(-)	(-)	(29.90)
Interest Accrued but not due	1,336.14	-	7,530.75	48.81	8,915.70
	(329.16)	(517.71)	(516.71)	(-)	(1,363.58)
Borrowings					
Balance as at April 1, 2016	2,164.82	-	35,205.00	-	37,369.82
	(1,795.36)	(-)	(-)	(-)	(1,795.36)

Notes to the Consolidated Financial Statements

₹ in Lacs

Nature of transactions	Associates				Total
	SKIL Infrastructure Limited	Conceptia Software Technologies Pvt Ltd	Reliance Infrastructure Ltd	Reliance Defence Systems Private Limited	
Received during the year	6,707.78 (1,018.21)	- (-)	70,449.77 (35,205.00)	695.00 (-)	77,852.55 (36,223.21)
Repaid during the year	- (648.75)	- (-)	- (-)	- (-)	- (648.75)
Balance as at March 31, 2017	8,872.60 (2,164.82)	- (-)	105,654.77 (35,205.00)	695.00 (-)	115,222.37 (37,369.82)
Non Current Investment					
Balance as at March 31, 2017	- (-)	244.06 (233.78)	- (-)	- (-)	244.06 (233.78)

c) 2 Transactions with related parties for the year ended March 31, 2017 (for the period of relationship exist)

₹ in Lacs

Nature of transactions	Key Managerial Persons				Total
	Harisimran Malhi	Ajit Dabholkar	Madan Pendse	Sridhar Krishnamurthy	
Short Term Employee Benefits	102.75 (-)	89.11 (67.68)	9.73 (-)	118.89 (-)	320.48 (67.68)
Post Employment Benefits	4.28 (-)	3.37 (3.01)	- (-)	2.74 (-)	10.39 (3.01)

Figures in brackets represents previous year's amounts.

Note - 38

Loans given and investment made covered u/s 186(4) of the Companies Act, 2013 are given under the respective heads

Note - 39

Financial and Other Derivative Instruments

a Derivative contracts entered into by the Company and outstanding are as under:

For Hedging Currency related risks		₹ in Lacs	
Particulars	2016-2017	2015 - 2016	
Forward Contract		-	11,641.42
Currency Swap	136.98		900.11

b All derivative and financial instruments acquired by the company are for hedging purpose only.

c Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

₹ in Lacs

Particulars	2016-2017	2015 - 2016
Trade Receivables (net)	16,060.49	4,861.08
Payables	32461.55	61,760.41

The advances to the vendors in foreign currency is not considered above.

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 40

Operating Lease

The Company has entered in to non cancellable leasing agreements for Land for a period of 60 years which are renewable by mutual consent on mutually agreeable terms. There is an escalation clause in the lease agreement during the lease period in line with expected general inflation. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Leases" are given below:

Future minimum Lease payments under non-cancellable operating lease:		₹ in Lacs	
Sr No	Particulars	2016- 2017	2015 - 2016
1	Rent debited to statement of profit and loss during the year	140.39	140.39
2	Future Minimum Lease payments payable in:	-	-
	i Less than one year	166.76	140.39
	ii One to five years	736.08	701.94
	iii More than five years	11,580.28	1,849.43

Note - 41

Financial Risk Management Objective and Policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial assets 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 Assets affected by market risk include loans and borrowings, deposits 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.

I Interest rate exposure profile appended in the table below		₹ in Lacs	
Borrowings	As at		As at
	March 31, 2017		March 31, 2016
Floating Rate Loans	7,55,618.45		7,17,871.63
Fixed Rate Loans	1,89,990.24		1,12,707.38
Total	9,45,608.69		8,30,580.01

II Interest Risk Sensitivity

With all other variable held constant the following table reflects the impact of borrowing cost on floating rate portion of total Debt

Risk Exposure	As at March 31, 2017		As at March 31, 2016	
	20 basis Points Increase	20 basis Points Decrease	20 basis Points Increase	20 basis Points Decrease
Effect on profit/ (loss) before tax due to following change in interest rates				
On Floating Rate Loans	1,511.24	1,511.24	1,435.75	1,435.75

Notes to the Consolidated Financial Statements

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to realise in future.

Foreign Risk Sensitivity

The following table demonstrates the sensitivity in USD to Indian Rupees with all other Variable held constant. The effect on loss before tax due to foreign exchange rate fluctuation:

Risk Exposure	As at March 31, 2017		As at March 31, 2016	
	5 % Increase	5 % Decrease	5 % Increase	5 % Decrease
Effect on profit/ (loss) before tax due to foreign exchange rate fluctuation				
On Foreign Currency Loan of USD 326.40 Lacs (P.Y. USD 340.00 Lacs)	1,058.17	1,058.17	1,127.66	1,127.66

₹ in Lacs

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of steel plates. Therefore the Company monitors its purchases closely to optimise the price.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

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.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, Letter of Credit and working capital limits.

Note - 42

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 Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. 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.

Reliance Defence and Engineering Limited

Notes to the Consolidated Financial Statements

Note - 43

Additional Information, as required under Schedule III to the Companies Act, 2013 of the enterprises consolidate as subsidiary and associate

Name of the enterprise	₹ in Lacs							
	Net Assets i.e Total Assets minus Total Liabilities		Share in Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income
Parent								
Reliance Defence and Engineering Limited	1,17,047.95	80.89%	(52,342.57)	90.69%	(70.49)	100.00%	(52,413.06)	90.70%
Indian Subsidiaries								
E Complex Private Limited	33,650.22	23.26%	(4,179.44)	7.24%	-	-	(4,179.44)	7.23%
Reliance Marine and Offshore Limited	(21.89)	(0.02)%	(22.81)	0.04%	-	-	(22.81)	0.04%
Reliance Lighter Than Air Systems Private Limited	(4.97)	-	(8.40)	0.01%	-	-	(8.40)	0.01%
Reliance Technologies and Systems Private Limited	(0.20)	-	(0.66)	0.00%	-	-	(0.66)	0.00%
Reliance Engineering and Defence Services Limited	(282.54)	(0.20)%	(157.43)	0.27%	-	-	(157.43)	0.27%
Foreign Subsidiary								
PDOC Pte. Ltd.	(16.95)	(0.01)%	(9.65)	0.02%	-	-	(9.65)	0.02%
Indian Associate (Investment as per the equity Method)								
Conceptia Software Technologies Private Limited	244.06	0.17%	10.28	(0.02)%	-	-	10.28	-0.02%
Total Eliminations	(5,923.89)	(4.09)%	(1,011.76)	1.75%	-	-	(1,011.76)	1.75%
Total	1,44,691.79	100.00%	(57,722.44)	100.00%	(70.49)	100.00%	(57,792.93)	100.00%

Note - 44

Disclosure in respect of shipbuilding contracts under progress:

Sr No.	Particulars	₹ in Lacs	
		2016-2017	2015 - 2016
a	The contract revenue recognised in the year	50,145.77	20,613.79
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress.	1,38,754.92	92,277.00
c	Amount of advance received from the customers for contracts in progress.	1,97,442.50	1,50,488.23
d	The retention amount due from customers for contracts in progress as at the end of financial year.	-	-

Note - 45

On September 20, 2012, the Revenue Department ordered the Collector, Dist Amreli to send a proposal to the Government of Gujarat ('GOG') for raising a demand for payment of 100% premium on the land admeasuring approximately 451 acres granted to the E Complex Private Limited (ECPL), (formerly known as Metdist Industries Private Limited) for industrial purpose alleging that there is transfer of land / change of ownership of land on account change in shareholding pattern, directorships and change of name of ECPL, change of user and for failure to complete the project within the specified period of three years. ECPL has filed the Writ Petition asserting that the legal entity to which the land of allotted is the same and as such there is no transfer of land. Further, the

Notes to the Consolidated Financial Statements

land was allotted for Industrial purpose and being used for industrial purpose, as such there is no change of user. As per principle of proportionality, for minor irregularities harsh action like demand for 100% premium cannot be initiated. The matter is pending before Gujarat High Court. The Company has also filed representation to Government of Gujarat in regard to payment of premium and the same is pending.

Note - 46

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

Note - 47

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on April 11, 2017.

Note - 48

The Management and authorities have the power to amend the Financial Statements in accordance with section 130 and 131 of The Companies Act, 2013.

Note - 49

The Company has entered in to a Joint Venture agreement with Mazagon Dock Limited to form a Joint venture in which Company participating interest will be 50%. Since the Company has not made any investment so far in the joint venture, the joint venture Company has not been considered for the purpose of Consolidation

Note - 50

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

Copied from the Audited Consolidated Financial Statements of the Company to in our report dated April 11, 2017
for and on behalf of the Board of Directors

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

Gyandeo Chaturvedi
Partner
Membership No. 46806

Anil D Ambani	}	Chairman
S. Seth		
Cmdr. (Retd.) Kartik Subramaniam	}	Directors
Rajendra Chitale		
Comal Ramachandran Gayathri		
Air Chief Marshal (Retd.)		
Fali Homi Major		
Lt. Gen. (Retd.) Syed Ata Hasnain		
Ryna Karani		
Ajoy Nath Jha		
Bhavesh Gandhi	}	Chief Financial Officer
Madan Pendse		
Ajit Dabholkar		Corporate Counsel, Company Secretary & Compliance Officer

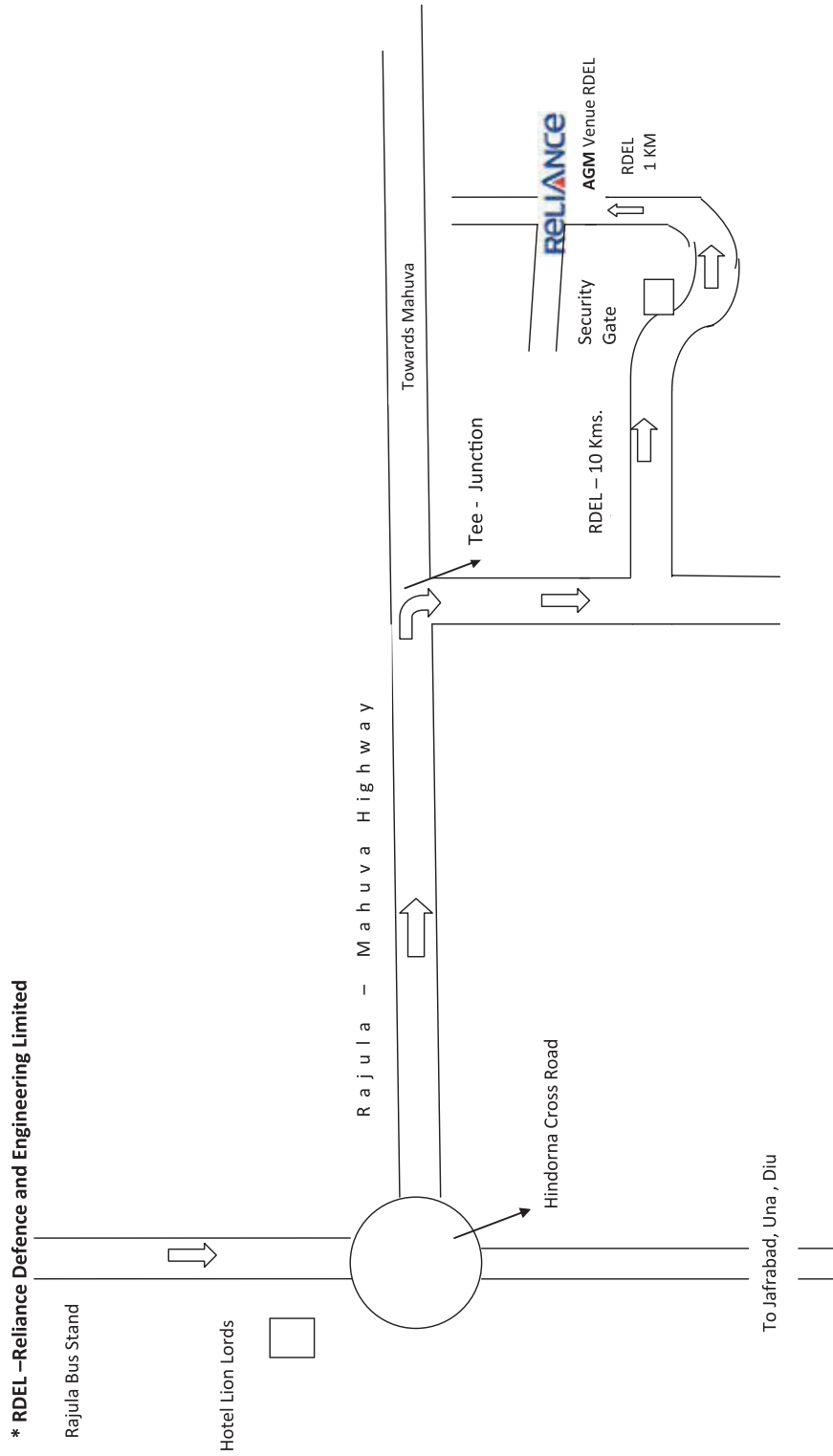
Place : Mumbai
Date : April 11, 2017

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing silent features of financial statement of subsidiaries/associates companies/joint ventures
PART "A" - Summary of Financial Information of Subsidiary Companies

1. Subsidiaries of the Company in India:															
Sr. No.	Name of the Company	Reporting Period for the subsidiary concerned, if different from the Holding Company's reporting period	Date of acquisition	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Total Investment	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) after taxation	Proposed Dividend	% of Shareholding
Amount ₹ in Lacs															
1	E Complex Private Limited	-	21-Oct-06	INR	2,170.93	31,479.29	93,916.47	60,266.25	-	2,881.66	(4,179.44)	-	(4,179.44)	-	100.00
2	Reliance Marine and Offshore Limited*	-	18-Feb-13	INR	5.00	(26.89)	48,026.18	48,048.07	29,968.00	-	(22.81)	-	(22.81)	-	100.00
3	Reliance Lighter Than Air Systems Private Limited	-	18-Mar-14	INR	14.00	(18.97)	72.70	77.67	-	5.97	(8.40)	-	(8.40)	-	100.00
4	Reliance Technologies and Systems Private Limited*	-	10-Feb-15	INR	1.00	(1.20)	0.01	0.21	-	-	(0.66)	-	(0.66)	-	100.00
5	Reliance Engineering and Defence Services Limited	-	1-Oct-14	INR	5.00	(287.54)	21,715.57	21,998.11	301.83	7,416.39	(157.43)	-	(157.43)	-	100.00
2. Subsidiaries of Company Outside India:															
Name of the Company	Reporting Period for the subsidiary concerned, if different from the Holding Company's reporting period	Date of acquisition	Reporting Currency	Share Capital (In SGD)	Reserves & Surplus (In SGD)	Total Assets (In SGD)	Total Liabilities (In SGD)	Total Investment (In SGD)	Turnover (In SGD)	Profit / (Loss) Before Taxation (In SGD)	Provision for Taxation (In SGD)	Profit / (Loss) after taxation (In SGD)	Proposed Dividend (in SGD)	% of Shareholding	
6	PDOC Pte. Ltd.	-	5-Sep-12	SGD	25,000.00	(61,541.00)	53,105.00	89,646.00	-	(20,204.00)	-	(20,204.00)	-	100.00	
Exchange Rate as on March 31, 2017: 1 SGD = INR 46.38															
* Not Yet Commenced Operation															

**PART "B" - Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to the Associate Companies & Joint Ventures**

Sr. No.	Particulars	Name of the Associate Company
1.	Latest Audited Balance Sheet Date	Conceptia Software Technologies Private Limited
2.	Shares of Associate held by the Company on year end	December 31, 2016
	<ul style="list-style-type: none"> • No. of Equity Shares • Amount of Investment in Associates (₹ in Lacs) • Extent of Holding (%) 	112,200 153.48 25.50%
3.	Date of acquisition	August 11, 2011
4.	Description of how there is significant influence	There is significant influence due to shareholding in the Associate Company
5.	Reason why the Associate is not consolidated	N/A
6.	Net-worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lacs)	157.14
7	Profit / (Loss) for the nine month ended December 31, 2016	
	1. Considered in Consolidation (₹ in Lacs)	10.28
	2. Not Considered in Consolidation	-



RELIANCE**Defence and Engineering****Reliance Defence and Engineering Limited****(Formerly known as Pipavav Defence and Offshore Engineering Company Limited)****Registered Office:** Pipavav Port, Post Ucchaya, Via-Rajula, Dist. Amreli 365 560, Gujarat, India**Tel:** +91 2794 305000, **Fax:** +91 2794 305100**CIN:** L35110GJ1997PLC033193, **Website:** www.reliancedefence.co, **E-mail:** rdel.investors@relianceada.com

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

ATTENDANCE SLIP

*DP Id.		Name & Address of the registered Shareholder
Regd. Folio No./ *Client Id.		
No. of Share(s) held		

(*Applicable for Members holding shares in electronic form)

I hereby record my presence at the **20th ANNUAL GENERAL MEETING** of the Members of Reliance Defence and Engineering Limited held on Tuesday, August 22, 2017 at 11.00 A.M. at the Registered Office of the Company at Pipavav Port, Post Ucchaya, Via-Rajula, District Amreli – 365 560, Gujarat.

Member's/Proxy's Signature

TEAR HERE

PROXY FORM**RELIANCE****Defence and Engineering****Reliance Defence and Engineering Limited****(Formerly known as Pipavav Defence and Offshore Engineering Company Limited)****Registered Office:** Pipavav Port, Post Ucchaya, Via-Rajula, Dist. Amreli 365 560, Gujarat, India**Tel:** +91 2794 305000, **Fax:** +91 2794 305100**CIN:** L35110GJ1997PLC033193, **Website:** www.reliancedefence.co, **E-mail:** rdel.investors@relianceada.com**FORM NO. MGT-11**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Regd. Folio No / *Client Id.	
*DP ID.	

(*Applicable for Members holding Shares in electronic form)

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

- (1) Name: _____ Address: _____
E-mail id: _____ Signature _____ or failing him;
- (2) Name: _____ Address: _____
E-mail id: _____ Signature _____ or failing him;
- (3) Name: _____ Address: _____
E-mail id: _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Tuesday, August 22, 2017 at 11.00 A.M. at the Registered Office of the Company at Pipavav Port, Post Ucchaya, Via-Rajula, District Amreli – 365 560, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Matter of Resolution	For	Against
1.	To consider and adopt: a) the audited standalone financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon; b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and reports of the Auditors thereon.		
2.	To appoint a Director in place of Shri Nikhil Gandhi (DIN: 00030560) who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
3.	To ratify the appointment of Statutory Auditors .		
4.	To consider appointment of Shri S. Seth as Non-Executive Director		
5.	To consider appointment of Cmde. (Retd.) Kartik Subramaniam as Whole-Time Director		
6.	To change the name of the Company		

Signed this _____ day of _____ 2017.

Signature of Shareholder(s) : _____

Signature of Proxy holder(s) : _____

Affix
Revenue
Stamp**Note:**

This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

If undelivered please return to :

**Karvy Computershare Private Limited
(Unit: Reliance Defence and Engineering Limited)**

Karvy Selenium Tower – B, Plot No. 31 & 32

Survey No. 116/22, 115/24, 115/25

Financial District, Nanakramguda

Hyderabad 500 032

Tel. no. : +91 40 6716 1500

Fax no. : +91 40 6716 1791

E-mail : ris.rdel@karvy.com