

ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED
Balance Sheet as at 31st March, 2020

| | | (Amount in `) | |
|--|-------|---------------------------|---------------------------|
| Particulars | Notes | As at 31st March, 2020 | As at 31st March, 2019 |
| <u>ASSETS</u> | | | |
| (I) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 84,789,507 | 84,789,507 |
| (b) Capital Work-in- Progress | 4 | 86,043,020 | 85,342,277 |
| (c) Financial Assets | | | |
| (i) Investments | 5 | 3,760,559,926 | 1,203,304,926 |
| (ii) Other Financial Assets | 6 | 1,106,000 | 1,106,000 |
| (d) Other Non Current Assets | 7 | 1,310,300 | 750,000,000 |
| (e) Income Tax Assets (Net) | | 2,376,315 | 772,037 |
| Total Non-Current Assets | | 3,936,185,068 | 2,125,314,747 |
| (II) Current Assets | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 8 | 19,995,625 | 3,742,343 |
| (ii) Cash & Cash Equivalents | 9 | 367,412,617 | 8,887,561 |
| (iii) Loans | 10 | 12,000,000 | - |
| (iv) Other Financial Assets | 11 | 110,066 | 1,530,462 |
| (b) Other Current Assets | 12 | 5,567,923 | 3,265,187 |
| Total Current Assets | | 405,086,230 | 17,425,553 |
| Total Assets | | 4,341,271,298 | 2,142,740,300 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| <u>EQUITY</u> | | | |
| (a) Equity Share Capital | 13 | 3,864,500,000 | 1,883,500,000 |
| (b) Other Equity | 14 | (37,452,184) | (19,729,936) |
| (c) Share Application Money Pending Allotment | 15 | 500,000,000 | 265,000,000 |
| Total Equity | | 4,327,047,816 | 2,128,770,064 |
| <u>LIABILITIES</u> | | | |
| (I) Non-Current Liabilities | | - | - |
| (II) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Trade Payables | 16 | | |
| - Total outstanding dues of Micro and small enterprises | | - | 36,000 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 11,586,581 | 6,528,384 |
| (ii) Other Financial Liabilities | 17 | 2,384,459 | 6,501,290 |
| (b) Other Current Liabilities | 18 | 252,443 | 904,562 |
| Total Current Liabilities | | 14,223,483 | 13,970,236 |
| Total Equity and Liabilities | | 4,341,271,298 | 2,142,740,300 |

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date
For **Dharmesh Parikh & Co.**
Firm Registration Number : 112054W
Chartered Accountants

For and on behalf of the Board
For **Adani Defence Systems And Technologies Limited**

Harsh Parikh
Partner
Membership No. 194284

Ashish Rajvanshi
Managing Director
DIN: 07590913

Jatin Jalundhwala
Director & Company Secretary
DIN: 00137888

Jugeshinder Singh
Chief Financial Officer

Place : Ahmedabad
Date : 2nd May, 2020

Place : Ahmedabad
Date : 2nd May, 2020

ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED
Statement of Profit and Loss for the year ended on 31st March, 2020

| (Amount in `) | | | |
|---|------------|--|--|
| Particulars | Notes | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| a) Revenue | | | |
| Revenue from Operations | 19 | 27,359,346 | 22,530,839 |
| Other income | 20 | 241,795 | - |
| Total Revenue | | 27,601,141 | 22,530,839 |
| b) Expenses | | | |
| Finance Costs | 21 | - | 117,931 |
| Other Expenses | 22 | 45,333,985 | 38,092,403 |
| Total Expenses | | 45,333,985 | 38,210,334 |
| c) (Loss) Before Tax | | (17,732,844) | (15,679,495) |
| d) Tax Expense | | | |
| Current Tax | | - | 802,127 |
| Adjustment of earlier years | | (10,596) | - |
| Deferred Tax | | - | - |
| Total Tax Expenses | | (10,596) | 802,127 |
| e) (Loss) For The Year | | (17,722,248) | (16,481,623) |
| f) Other Comprehensive Income | | | |
| - Item that will be reclassified to Statement of Profit & Loss | | - | - |
| - Item that will not be reclassified to Statement of Profit & Loss | | - | - |
| Total Other Comprehensive Income | | - | - |
| g) Total Comprehensive Income for the Year | | (17,722,248) | (16,481,623) |
| h) Earning per Equity Share of ` 10 each | | | |
| - Basic & Diluted | 26 | (0.06) | (0.30) |
| Summary of Significant Accounting Policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date
For **Dharmesh Parikh & Co.**
Firm Registration Number : 112054W
Chartered Accountants

For and on behalf of the Board
For **Adani Defence Systems And Technologies Limited**

Harsh Parikh
Partner
Membership No. 194284

Ashish Rajvanshi **Jatin Jalundhwala**
Managing Director Director & Company Secretary
DIN:07590913 DIN: 00137888

Jugeshinder Singh
Chief Financial Officer

Place : Ahmedabad
Date : 2nd May, 2020

Place : Ahmedabad
Date : 2nd May, 2020

ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED
Cash Flow Statement for the year ended on 31st March 2020

| Particulars | (Amount in `) | |
|--|--|--|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| I. CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) for the year | (17,732,844) | (15,679,495) |
| Adjustment on account of : | | |
| Interest Expense | - | 117,931 |
| Interest Income | (241,795) | - |
| Share capital and share issue expenses | 8,441,462 | 18,712,600 |
| Operating Profit/(Loss) Before Working Capital Changes | (9,533,177) | 3,151,036 |
| Movements in Working Capital : | | |
| Increase / (Decrease) in Trade Payables | 5,022,197 | 6,524,249 |
| Increase / (Decrease) in Other Current Liabilities | (4,768,950) | 7,397,455 |
| (Increase)/ Decrease in Receivables | (16,253,282) | (3,742,343) |
| (Increase)/ Decrease in Other Current Assets | (772,274) | (5,567,686) |
| Cash Flow from Operations | (26,305,486) | 7,762,710 |
| Less: Net Tax Paid (Including TDS) | 1,593,682 | 802,127 |
| Net Cash Flow From Operating Activities | (27,899,167) | 6,960,583 |
| II. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of investment in Subsidiary Companies | (2,557,300,000) | (1,000,000,000) |
| | 45,000 | - |
| Sales of investment in Associate Companies | | - |
| Loan given to Associate Company | (12,000,000) | - |
| Capital Expenditure on Fixed Assets after adjustment of Capital work in progress | (700,743) | (170,131,784) |
| Increase in Other non current Assets | 748,689,700 | (751,106,000) |
| Interest Received | 131,729 | - |
| Net Cash (Used in) Investing Activities | (1,821,134,314) | (1,921,237,784) |
| III. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Equity Share Capital | 1,981,000,000 | 1,678,000,000 |
| | 235,000,000 | 265,000,000 |
| Share Application Money Pending Allotment | | |
| Proceeds from Borrowings (net) | - | (1,794,862) |
| Share Capital and Issue Expenses | (8,441,462) | (18,712,600) |
| Interest paid | - | (117,931) |
| Net Cash Flow From Financing Activities | 2,207,558,538 | 1,922,374,607 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 358,525,057 | 8,097,406 |
| Cash & Cash Equivalents at the beginning of the year | 8,887,561 | 790,155 |
| Cash & Cash Equivalents at the end of the year | 367,412,617 | 8,887,561 |
| Component of Cash and Cash equivalents | | |
| Balances with scheduled bank | | |
| On current accounts (Refer Note 3) | 367,412,617 | 8,887,561 |
| Cash and Cash Equivalents at the End of the Year | 367,412,617 | 8,887,561 |
| Summary of Significant Accounting Policies | 2.1 | |

Notes:-

(1) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

(2) As there are no financing activities, hence Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended) are not provided.

As per our attached report of even date
For **Dharmesh Parikh & Co.**
Firm Registration Number : 112054W
Chartered Accountants

For and on behalf of the Board
For **Adani Defence Systems And Technologies Limited**

Harsh Parikh
Partner
Membership No. 194284

Ashish Rajvanshi
Managing Director
DIN:07590913

Jatin Jalundhwala
Director & Company Secretary
DIN: 00137888

Jugeshinder Singh
Chief Financial Officer

Place : Ahmedabad
Date : 2nd May, 2020

Place : Ahmedabad
Date : 2nd May, 2020

ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED

Statement of Changes in Equity for the year ended on 31st March, 2020

A. Equity Share Capital

| Particulars | Numbers | (Amount in `) |
|-------------------------------------|--------------------|----------------------|
| As at 1 st April 2018 | 20,550,000 | 205,500,000 |
| Changes in the Equity Share Capital | 167,800,000 | 1,678,000,000 |
| As at 31st March 2019 | 188,350,000 | 1,883,500,000 |
| As at 1 st April 2019 | 188,350,000 | 1,883,500,000 |
| Changes in the Equity Share Capital | 198,100,000 | 1,981,000,000 |
| As at 31st March 2020 | 386,450,000 | 3,864,500,000 |

B. Other Equity

For the year ended 31st March, 2020

| Particulars | (Amount in `) | |
|--|---------------------|---------------------|
| | Reserves & Surplus | |
| | Retained Earnings | Total |
| Balance as at 1 st April 2018 | (3,248,313) | (3,248,313) |
| Adjustments | | |
| (Loss) for the year | (16,481,623) | (16,481,623) |
| Other Comprehensive Income | - | - |
| As at 31 st March 2019 | (19,729,936) | (19,729,936) |
| Balance at 1 st April 2019 | (19,729,936) | (19,729,936) |
| Adjustments | | |
| (Loss) for the year | (17,722,248) | (17,722,248) |
| Other Comprehensive Income | - | - |
| As at 31 st March 2020 | (37,452,184) | (37,452,184) |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For **Dharmesh Parikh & Co.**

Chartered Accountants

Firm Registration Number : 112054W

For and on behalf of the Board

For Adani Defence Systems And Technologies Limited**Harsh Parikh**

Partner

Membership No. 194284

Ashish Rajvanshi

Director

DIN: 00007116

Jatin Jalundhwala

Director

DIN: 00137888

Jugeshinder Singh

Chief Financial Officer

Place : Ahmedabad

Date : 2nd May, 2020

Place : Ahmedabad

Date : 2nd May, 2020

1 Corporate Information

Adani Defence Systems and Technologies Limited was incorporated on 25th March, 2015 under the Companies Act, 2013 having its registered office at "Adani House", Near Mithakali Six Roads, Navrangpura, Ahmedabad- 380009, Gujarat, India to carry on the business activities relating to Manufacture of Fighter Aircraft, Helicopters, Unmanned Aerial Vehicles and other business activities relating to defence.

2 Summary of Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

These financial statements have been prepared and presented under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

The financial statements are presented in INR except when otherwise stated.

b) Cash And Cash Equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalents for the purpose of Statement of Cash Flow comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less.

c) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

d) Financial Instruments

i) Trade receivables and debt securities issued are initially recognised when they originated. All other financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

ii) Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

iii) For purposes of subsequent measurement, financial assets and liabilities are classified in various categories as under.

i) At amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses. These include trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments. These assets are held for the purpose of collecting contractual cash flows which represent solely payment of principal and interest.

ii) At fair value through Other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) At fair value through profit or loss (FVTPL)

Financial assets which are not measured at amortised cost are measured at FVTPL.

Fair value changes related to such financial assets including derivative contracts are recognised in the statement of profit and loss.

Business Model Assessment

The Company makes an assessment of the objectives of the business model in which a financial asset is held because it best reflects the way business is managed and information is provided to management.

The assessment of business model comprises the stated policies and objectives of the financial assets, management strategy for holding the financial assets, the risk that affects the performance etc. Further management also evaluates whether the contractual cash flows are solely payment of principal and interest considering the contractual terms of the instrument.

iv) Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

v) Impairment of Financial Assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that will result if default occurs within the 12 months after the reporting date and this, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. Expected credit loss allowance on trade receivables is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

vi) Derecognition of Financial Liability

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

e) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's - accounting policies.

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

f) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as per contracts with the customers. Revenue also excludes taxes collected from customers in its capacity as an agent. The accounting policy for the specific revenue streams of the company are summarised below:

- 1) Rendering of services: Revenue from services rendered is recognised when the work is performed and as per the terms of agreement.
- 2) Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract."

g) Related Party Transactions

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party disclosures" has been set out in a separate note. Related Parties as defined under clause 9 of the Ind AS 24 have been identified on the basis of representation made by management and information available with the Company.

h) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares.

i) Taxes on Income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i) Current Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current tax items, relating to items recognised outside the statement of profit and loss, are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Provision for current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961.

Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred Taxation

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of unrecognised deferred tax assets are reviewed at each reporting date to assess their realisability and corresponding adjustment is made to carrying values of deferred tax assets in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset where a legally enforceable right exists to offset current tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Net outstanding balance in Deferred Tax account is recognized as deferred tax liability/asset. The deferred tax account is used solely for reversing timing difference as and when crystallized.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realised.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for. Contingent liabilities may arise from litigation, taxation and other claims against the Company. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

l) Capital Work in Progress

Expenditure related to and incurred during implementation of capital projects to get the assets ready for intended use is included under "Capital Work in Progress". The same is allocated to the respective items of property plant and equipment on completion of construction/ erection of the capital project/ property plant and equipment.

m) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. All costs, including borrowing costs incurred up to the date the asset is ready for its intended use, is capitalised along with respective asset.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent measurement

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipments, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the profit and loss for the period during which such expenses are incurred.

Expenditure incurred during the period of construction including, all direct and indirect overheads, incidental and related to construction is carried forward and on completion, the costs are allocated to the respective assets.

iii. Depreciation

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the Written Down Value method. The useful life of property, plant and equipment is considered based on life prescribed in Schedule II to the Companies Act, 2013, except otherwise stated.

iv. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

n) Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of The company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

n) Capital Work in Progress

Expenditure related to and incurred during implementation of capital projects to get the assets ready for intended use is included under "Capital Work in Progress". The same is allocated to the respective items of property plant and equipment on completion of construction/ erection of the capital project/ property plant and equipment. Borrowing Cost related to a acquisition/construction of Propert, Plant and Equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. The cost of asset not put to use before the year and capital inventory are disclosed under Capiatal work in progress.

o) Investments in subsidiaries, associates and joint

Investments in subsidiaries, associates and joint ventures are accounted for at cost.

2 Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Sources of Estimation uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value measurement of financial

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ii) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and future recoverability of deferred tax assets.

iii) Useful lives and residual value of property, plant and equipment

In case of the plant and machinery, in whose case the life of the assets has been estimated at 30 years based on technical assessment, taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support, except for major components identified during the year, depreciation on the same is provided based on the useful life of each such component based on technical assessment, if materially different from that of the main asset.

iv) Impairment of Non Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used.

3 Property, Plant and Equipment

(Amount in `)

| Tangible assets | Land | Building | P&M | Office Equipments | Furniture & Fixtures | Total |
|-------------------------|-------------------|----------|----------|-------------------|----------------------|-------------------|
| As on 1st April 2017 | | - | - | - | - | - |
| Additions | | - | - | - | - | - |
| Disposals | | - | - | - | - | - |
| At 31 March 2018 | | - | - | - | - | - |
| As on 1st April 2018 | - | - | - | - | - | - |
| Additions | 84,789,507 | - | - | - | - | 84,789,507 |
| Disposals | | - | - | - | - | - |
| At 31 March 2019 | 84,789,507 | - | - | - | - | 84,789,507 |
| As on 1st April 2019 | 84,789,507 | - | - | - | - | 84,789,507 |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| At 31st Mar 2020 | 84,789,507 | - | - | - | - | 84,789,507 |
| | | | | | | |
| Depreciation | Land | Building | P&M | IT/ Security | Furniture & Fixtures | Total |
| As on 1st April 2017 | | - | - | - | - | - |
| Charge for the year | | - | - | - | - | - |
| Disposals | | - | - | - | - | - |
| At 31 March 2018 | | - | - | - | - | - |
| As on 1st April 2018 | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| At 31 March 2019 | - | - | - | - | - | - |
| As on 1st April 2019 | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| At 31st Mar 2020 | - | - | - | - | - | - |
| | | | | | | |
| Net Block | Land | Building | P&M | IT/ Security | Furniture & Fixtures | Total |
| At 31 March 2018 | - | - | - | - | - | - |
| At 31 March 2019 | 84,789,507 | - | - | - | - | 84,789,507 |
| At 31st Mar 2020 | 84,789,507 | - | - | - | - | 84,789,507 |

ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements for the year ended 31 March 2020

4 Capital Work - in- Progress

(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Capital Work- in - Progress (Net of recovery of Rs. 1,94,48,321, PY Rs. 1,94,48,321) | 86,043,020 | 85,342,277 |
| Total | 86,043,020 | 85,342,277 |

(For CWIP break-up refer note 28)

5 Non Current Investments

(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| UNQUOTED INVESTMENTS (measured at cost) | | |
| (a) Investment in Equity Instruments of Subsidiary Companies-Unquoted (all fully paid up) | | |
| 1) 17,50,000 (31st March 2019 : 50,000) Equity Shares of Adani Land Defence and Technologies Ltd of Rs 10 each | 17,500,000 | 500,000 |
| 2) 45,500 (31st March 2019: 50,000)Equity Shares of Adani Naval Defence and Technologies Ltd of Rs 10 each | 455,000 | 500,000 |
| 3) 50,000(31st March 2019: 50,000) Equity Shares of Adani Aero Defence and Technologies Ltd of Rs 10 each | 500,000 | 500,000 |
| 4) 10,000(31st March 2019: NIL) Equity Shares of Adani Rave Gears India Ltd of Rs 10 each | 100,000 | - |
| 5) 10,000(31st March 2019: NIL) Equity Shares of Agneya Systems Ltd of Rs 10 each | 100,000 | - |
| 6) 10,000(31st March 2019: NIL) Equity Shares of Carroballista Ltd of Rs 10 each | 100,000 | - |
| 7) 40,00,000 (31st March 2019: NIL) Equity Shares of Flaire Unmanned Systems Pvt Ltd of Rs 10 each | 40,000,000 | - |
| (b) Investment in Equity Instruments of Associate Companies-Unquoted | | |
| 1) 137,339(31st March 2018 : 137339) Equity Shares of Comprotech Engineering Private Limited of Rs 100 each | 123,804,926 | 123,804,926 |
| 2) 721277 (31st March 2018: 721277) Equity Shares of AutoTEC Systems Private Limited of Rs 10 each | 78,000,000 | 78,000,000 |
| 3) 9971304 (31st March 2019 : 9971304) Equity Shares of Alpha Design Technologies Pvt Ltd of Rs 10 each -fully paid up | 970,000,000 | 970,000,000 |
| 3379165 (31st March 2019 : 3379165) Equity Shares of Alpha Design Technologies Pvt Ltd of Rs 10 each -fully paid (31st March 2019-partly paid up of Rs. 0.15 each) | 1,015,000,000 | 15,000,000 |
| 3362519 (31st March 2019 : 3262519) Equity Shares of Alpha Design Technologies Pvt Ltd of Rs 10 each -fully paid (31st March 2019-partly paid up of Rs. 0.10 each) | 1,010,000,000 | 10,000,000 |
| 3345875 (31st March 2019 : 3345875) Equity Shares of Alpha Design Technologies Pvt Ltd of Rs 10 each -partly paid up of Rs. 5.13 each (31st March 2019-partly paid up of Rs. 0.05 each) | 505,000,000 | 5,000,000 |
| | 3,760,559,926 | 1,203,304,926 |
| Aggregate amount of quoted investments | - | - |
| Market value of quoted investments | - | - |
| Aggregate amount of unquoted investments | 3,760,559,926 | 1,203,304,926 |

6 Other Non Current Financial Assets

(Unsecured, Considered Good)

(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------|---------------------------|---------------------------|
| Security Deposits | 1,106,000 | 1,106,000 |
| Total | 1,106,000 | 1,106,000 |

7 Other Non Current Assets

(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Advance call money for investment in Alpha Design Technologies Pvt Ltd | - | 750,000,000 |
| Pre paid Expenses | 352,800 | - |
| Capital Advances | 957,500 | - |
| Total | 1,310,300 | 750,000,000 |

8 Trade Receivables
(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Trade Receivable Unsecured ,Considered Good | 19,995,625 | 3,742,343 |
| | 19,995,625 | 3,742,343 |

9 Cash & cash equivalents
(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Cash and Cash Equivalent Balance with Bank | 367,412,617 | 8,887,561 |
| | 367,412,617 | 8,887,561 |

10 Current Loans (Unsecured, Considered Good)
(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------|---------------------------|---------------------------|
| Loan to Associate company | 12,000,000 | - |
| Total | 12,000,000 | - |

**11 Other Current Financial Assets
(Unsecured, Considered Good)**
(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Interest Accrued and due on Loans and Advances | 110,066 | - |
| Total | 110,066 | - |

12 Other Current Assets
(Amount in `)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------------|---------------------------|---------------------------|
| Balance with Government Authorities | 1,449,407 | 3,048,938 |
| Advance to Suppliers | 3,934,741 | 1,746,711 |
| Pre paid Expenses | 183,775 | - |
| Total | 5,567,923 | 4,795,649 |

13 Equity Share Capital

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|------------------------|----------------------|------------------------|----------------------|
| | Numbers | Amount in ` | Numbers | Amount in ` |
| Authorised | | | | |
| Equity Shares of Rs. 10/- each | 600,000,000 | 6,000,000,000 | 250,000,000 | 2,500,000,000 |
| Issued, subscribed and fully paid-up | | | | |
| Equity shares of Rs.10/- each | 386,450,000 | 3,864,500,000 | 188,350,000 | 1,883,500,000 |
| | 386,450,000 | 3,864,500,000 | 188,350,000 | 1,883,500,000 |

The Authorised Capital of the Company has been increased to Rs Six Hundred Crores divided into Sixty Crores Equity Shares of Rs Ten each by passing a Special Resolution by the Members of the Company in the Extraordinary General Meeting held on .

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|------------------------------------|------------------------|----------------------|------------------------|----------------------|
| Equity shares | Numbers | Amount in ` | Numbers | Amount in ` |
| At the beginning of the year | 188,350,000 | 1,883,500,000 | 20,550,000 | 205,500,000 |
| Issued during the period | 198,100,000 | 1,981,000,000 | 167,800,000 | 1,678,000,000 |
| Outstanding at the end of the year | 386,450,000 | 3,864,500,000 | 188,350,000 | 1,883,500,000 |

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 10 /- per share and each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts .The distribution will be in proportion to the number of shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company together with its nominees are as below :

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|------------------------|----------------------|------------------------|----------------------|
| Equity Shares | Numbers | Amount in ` | Numbers | Amount in ` |
| Adani Enterprises Limited (Holding Company with its nominees) | 386,450,000 | 3,864,500,000 | 188,350,000 | 1,883,500,000 |
| | 386,450,000 | 3,864,500,000 | 188,350,000 | 1,883,500,000 |

d. Details of shareholders holding more than 5% shares in the company

| Equity Shares Adani Enterprises Limited (Holding Company with its nominees) | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|------------------------|-------------|------------------------|-------------|
| | Numbers | % holding | Numbers | % holding |
| | 386,450,000 | 100% | 188,350,000 | 100% |
| | 386,450,000 | 100% | 188,350,000 | 100% |

14 Other Equity

| Particulars | (Amount in `) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Retained Earnings | | |
| Surplus/ (Deficit) In Statement of Profit And Loss | | |
| Balance as per last financial statements | (19,729,936) | (3,248,313) |
| Add : Profit / (Loss) for the Year | (17,722,248) | (16,481,623) |
| Add : Other Comprehensive Income for the year | - | - |
| Net Surplus/ (Deficit) at the end of the year | (37,452,184) | (19,729,936) |

i) Retained earnings represents the amount that can be distributed by the company as dividends considering the requirement of the Companies' Act, 2013. No dividends are distributed given the accumulated losses incurred by the company.

15 Share Application Money Pending Allotment

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Share Application Money Pending Allotment | 500,000,000 | 265,000,000 |
| Total | 500,000,000 | 265,000,000 |

16 Trade Payables

| Particulars | (Amount in `) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Trade payables | | |
| i. Total outstanding dues of Micro, small and medium enterprises (Refer Note | - | 36,000 |
| ii Total outstanding dues of creditors other than micro and small enterprise | 11,586,581 | 6,528,384 |
| Total | 11,586,581 | 6,564,384 |

17 Other Current Financial Liabilities

| Particulars | (Amount in `) | |
|-------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Retention Money Payable | 2,384,459 | 6,501,290 |
| Total | 2,384,459 | 6,501,290 |

18 Other Current Liabilities

| Particulars | (Amount in `) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Statutory Dues Payable (Tax Deduction At Source) | 252,443 | 904,562 |
| Total | 252,443 | 904,562 |

19 Revenue from Operations

| Particulars | (Amount in `) | |
|--|--|--|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Other Support Services/ Facilitation Charges | 27,359,346 | 22,530,839 |
| Total | 27,359,346 | 22,530,839 |

20 Other Income

| Particulars | (Amount in `) | |
|-----------------|--|--|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Interest Income | 241,795 | - |
| Total | 241,795 | - |

21 Finance Costs

| (Amount in `) | | |
|------------------------|--|--|
| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Interest on Borrowings | - | 117,931 |
| Total | - | 117,931 |

22 Other Expenses

| (Amount in `) | | |
|--|--|--|
| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Legal & Professional Fees | 7,771,523 | 4,819,170 |
| Electricity Expenses | 7,797,231 | - |
| Business Development Expenses | 19,720,275 | 13,980,464 |
| Stamp Duty | 1,792,500 | 1,678,000 |
| Filing Fees | 6,648,962 | 17,034,600 |
| Licence Fees | - | 50,000 |
| Software Expenses | 10,800 | 52,000 |
| Interest/ Penalty on TDS | 23,547 | - |
| Travelling Expenses | 84,701 | - |
| Insurance | 477,880 | - |
| Professional Tax | 6,250 | - |
| Seminar Expenses | 212,000 | 316,000 |
| Payment to Auditors (Refer Note (a) below) | 92,060 | 47,500 |
| Other Expenses | 447,493 | 230 |
| Vehicle Hire Charges | 248,764 | 114,439 |
| Total | 45,333,985 | 38,092,403 |

Note :

| (a) Payment to Auditor | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|------------------------|--|--|
| As Auditor: | | |
| Statutory Audit Fees | 35,000 | 30,000 |
| Other Services | 25,060 | - |
| Certification | 32,000 | 17,500 |
| Total | 92,060 | 47,500 |

23 Fair Value Measurement and Hierarchy

Since the Company does not have any financial asset or liability measured at fair value, disclosure of fair value hierarchy and disclosure of category-wise assets and liabilities is not relevant. All financial assets and liabilities of the Company have been valued at amortised cost and their values are not expected to be different than those presented in financial statements.

Fair Value Measurement :

Category-wise Classification of Financial Instruments:

a) The carrying value of financial instruments by categories as of March 31, 2020 is as follows :

| Particulars | Refer Note | Fair Value through Profit & Loss | Amortised Cost | Carrying Value |
|---|------------|-------------------------------------|--------------------|----------------|
| Financial Asset | | | | |
| Investments in unquoted mutual funds | | | | |
| Trade receivables | | | 19,995,625 | |
| Customers' bills discounted | | | | |
| Cash and Cash Equivalents | | | 367,412,617 | |
| Bank balance other than cash and cash equivalents | | | | |
| Loans | | | 12,000,000 | |
| Derivatives Instruments not designated as hedge | | | | |
| Others financial assets | | | 1,216,066 | |
| Total | | - | 400,624,307 | - |
| Financial Liabilities | | | | |
| Borrowings (including Current Maturities) | | | | |
| Bill discounting with banks | | | | |
| Trade payables | | | 11,586,581 | |
| Derivatives Instruments not designated as hedge | | | | |
| Other financial liabilities | | | 2,384,459 | |
| Total | | - | 13,971,040 | - |

b) The carrying value of financial instruments by categories as of March 31, 2019 is as follows :

| Particulars | Refer Note | Fair Value through Profit & Loss | Amortised Cost | Carrying Value |
|---|------------|-------------------------------------|----------------|----------------|
| Financial Asset | | | | |
| Investments in unquoted mutual funds | | | | |
| Trade receivables | | | 3,742,343 | |
| Customers' bills discounted | | | | |
| Cash and Cash Equivalents | | | 8,887,561 | |
| Bank balance other than cash and cash equivalents | | | | |

| | | | | |
|---|--|---|-------------------|---|
| Loans | | | | |
| Derivatives Instruments not designated as hedge | | | | |
| Others financial assets | | | 2,636,462 | |
| Total | | - | 15,266,366 | - |
| Financial Liabilities | | | | |
| Borrowings (including Current Maturities) | | | | |
| Bill discounting with banks | | | | |
| Trade payables | | | 6,564,384 | |
| Derivatives Instruments not designated as hedge | | | | |
| Other financial liabilities | | | 6,501,290 | |
| Total | | - | 13,065,674 | - |

24 Financial Instruments And Risk Review

The Company's principal financial liabilities comprise borrowings, provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations/projects. The Company's principal financial assets include cash and cash equivalents. In the ordinary course of business, the Company is mainly exposed to risks resulting from interest rate movements (interest rate risk), liquidity risk and credit risk.

Interest 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.

The Company has no long term borrowing outstanding as at 31st March, 2020 and hence, there is no impact on the Company's profit

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the company. The company has adopted the policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial losses from default. The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Cash are held with creditworthy financial institutions.

Other Financial Assets:

This comprises mainly of deposits with government and security deposit against rent agreement. Credit risk arising from these financial assets is limited and there is no collateral held against these because the counterparties are government and security deposit for rent is going to be adjusted against rent at the end of agreement. Hence, there is no credit risk.

Liquidity risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of its financial investments, committed funding and projected cash flows from operations. The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner and to manage its capital structure. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

Maturity profile of financial liabilities :

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(Amount in `)

| As at 31st March, 2020 | Less than 1 year | 1 to 5 year | More than 5 Years | Total |
|-------------------------------|------------------|-------------|-------------------|------------|
| Trade Payables | 11,586,581 | - | - | 11,586,581 |
| Other Financial Liabilities | 2,384,459 | - | - | 2,384,459 |
| As at 31st March, 2019 | | | | |
| Borrowings | - | - | - | - |
| Trade Payables | 6,564,384 | - | - | 6,564,384 |
| Other Financial Liabilities | 6,501,290 | - | - | 6,501,290 |

Capital Management

The Company's objectives when managing capital is to safeguard continuity and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through equity and financial support from Holding Company. No changes were made in the objectives, policies or processes for managing capital during the years ended as at 31st March, 2020 and as at 31st March, 2019.

(Amount in `)

| Particulars | Note | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|------|-------------------------------------|-------------------------------------|
| Net debt (total debt less cash and cash equivalents) (A) | 9 | (367,412,617) | (8,887,561) |
| Total capital (B) | | 4,327,047,816 | 2,128,770,064 |
| Total capital and net debt C=(A+B) | | 3,959,635,199 | 2,119,882,503 |
| Gearing ratio (A/C) | | (0.09) | (0.00) |

25 Disclosures under MSMED Act

Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 2nd October, 2006,

| Particulars | As at 31st March, 2020 (Amount in `) | As at 31st March, 2019 (Amount in `) |
|---|--|--|
| Principal amount remaining unpaid to any supplier as at the year end. | - | 36,000 |
| Interest due thereon | - | - |
| Amount of interest paid by the Company in terms of section 16 of the | - | - |
| Amount of interest due and payable for the period of delay in making | - | - |
| Amount of interest accrued and remaining unpaid at the end of the | - | - |
| Amount of further interest remaining due and payable even in | - | - |

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the Financial statement as at 31st March, 2019 based on the information received and available with the entities of company. On the basis of such information, no interest is payable to any micro, small and medium enterprises.

26 As per IND AS 24, Disclosure of transactions with Related Parties (As identified by the Management), As defined in IND AS are given below:-

I Name of Related Parties & Description of Relationship.

| | |
|----------------------------|---|
| A Holding Company | Adani Enterprises Limited |
| B Subsidiary Company | Adani Land Defence Systems and Technologies Ltd Adani Naval Defence Systems and Technologies Ltd Adani Aerospace and Defence Ltd |
| C Associates | Comprotech Engineering Private Limited AutoTEC Systems Private Limited Alpha Design Limited (Only transactions during the period) |
| D Key Management Personnel | Mr. Ashish Rajvanshi, Managing Director Mr. Ameet H. Desai, Director Mr. Amit Uplenchwar, Director Mr. Jatin Jalundhwala, Director & Company Secretary Mr. Rakesh Shah, Chief Financial Officer up to 16/04/2019 Mr. Jugeshinder Singh, Chief Financial Officer w.e.f 07/10/2019 |

II Nature And Volume of transactions with Related Parties

| (Amount in `) | | | |
|---|--|--|--|
| Nature of Transaction | Name of the Related Party | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Share Capital Received | Adani Enterprises Ltd | 198,100,000 | 1,678,000,000 |
| Borrowings (Loan taken) | | - | 8,300,000 |
| Borrowings (Loan repaid) | | - | 8,300,000 |
| Interest Expense | | - | 117,931 |
| Reimbursement of Professional Fees | | - | 4,700,000 |
| Reimbursement of Expenses | Adani Elbit Advanced Systems India Ltd | 8,793,596 | 10,909,037 |
| Professional Fees | | 10,172,250 | 870,860 |
| Capital Receipts on transfer of CWIP | | - | 22,949,019 |
| Reimbursement of Expenses | Comprotech Engineering Pvt Ltd | 4,585,894 | - |
| Professional Fees | | 3,628,800 | - |
| Reimbursement of Expenses | AutoTEC Systems Private Limited | 1,252,294 | - |
| Loans Given | | 12,000,000 | - |
| Interest Income | Alpha Design Limited | 198,832 | - |
| Reimbursement of Expenses | | 145,000 | - |
| Subscription of Investment (including Advance | Alpha Design Limited | 1,750,000,000 | 1,750,000,000 |

III Closing Balances as on 31st March, 2020

| (Amount in `) | | | |
|---|--|---------------------------|---------------------------|
| Nature of Transaction | Name of Related Party | As at 31st March, 2020 | As at 31st March, 2019 |
| Trade Payable | Adani Enterprises Ltd | - | 5,076,000 |
| Trade Receivables | Adani Elbit Advanced Systems India Ltd | 14,058,250 | 870,860 |
| Trade Receivables | Alpha Design Limited | 145,000 | - |
| Trade Receivables | Comprotech Engineering Pvt Ltd | 3,048,975 | 2,871,483 |
| Trade Receivables | AutoTEC Systems Private Limited | 440,294 | - |
| Loans given (including interest receivable) | | 12,110,066 | - |

27 Earning Per Share (EPS)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Net Profit (Loss) after tax available for Equity Shareholders (In `) Weighted Average | (17,722,248) | (16,481,623) |
| Basic & Diluted Earnings Per Share (Face Value of ` 10/- each) Basic & Diluted (in `) | 287,799,454 (0.06) | 55,595,370 (0.30) |

28 Details of Capital Work -in Progress including certain expenses of revenue nature allocable to the New Project as detailed below

| | | (Amount in `) | |
|---|---|---------------------------|--------------------------|
| | Particulars | 0-Jan-1900 28-Dec-2296 | 0-Jan-1900 0-Jan-1900 |
| A | Project Cost (Net of recovery of Re. 1,94,48,321) | 82,203,268 | 81,502,525 |
| B | Cost attributable to Construction Period | | |
| | General Administrative Overheads | 502,418 | 502,418 |
| | Power | 1,873,015 | 1,873,015 |
| | Professional Fees | 1,380,750 | 1,380,750 |
| | Security Expenses | 83,569 | 83,569 |
| | Sub- Total | 3,839,752 | 3,839,752 |
| | Total Capital Work -in - Progress (A+ B+ C) | 86,043,020 | 85,342,277 |

29 Contingent Liabilities & Commitments

| | | (Amount in `) | |
|--|---|---------------------------|--------------------------|
| | Particulars | 0-Jan-1900 28-Dec-2296 | 0-Jan-1900 0-Jan-1900 |
| | Contingent Liabilities to the extent not provided for - Share Call money towards Partly Paid up Shares | 500,000,000 | 3,000,000,000 |
| | Commitments Estimated amount of contracts remaining to be executed on capital account (net of advances) | Nil | Nil |

31 As per Indian Accounting Standard 19 "Employee Benefits", there are no employee benefit cost as the company is engaging employees of holding company.

32 Due to outbreak of Covid 19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of Covid 19, and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due, and compliance with the debt covenants, as applicable.

33 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of subsequent events and transactions in the financial statements. As of 2nd May, 2020, there were no subsequent events to be recognized or reported that are not already disclosed.

34 Approval of Financial Statements

The financial statements were approved for issue by the board of directors on 2nd May, 2020

35 Previous year's figures have been recast, regrouped and rearranged, wherever necessary to conform to this year's classification/disclosure .

As per our attached report of even date
For **Dharmesh Parikh & Co.**
Firm Registration Number : 112054W
Chartered Accountants

For and on behalf of the Board
For **Adani Defence Systems And Technologies Limited**

Harsh Parikh
Partner
Membership No. 194284

Ashish Rajvanshi
Managing Director
DIN:07590913

Jatin Jalundhwala
Director & Company Secretary
DIN: 00137888

Jugeshinder Singh
Chief Financial Officer

Place : Ahmedabad
Date : 2nd May, 2020

Place : Ahmedabad
Date : 2nd May, 2020