

# **DHARMESH PARIKH & CO.**

## **CHARTERED ACCOUNTANTS**

303/304, "Milestone", Nr. Drive-in-Cinema, Opp. T.V Tower, Thaltej,  
Ahmedabad-380 054. Phone: 91-79-27474466 Fax: 91-79-27479955

### **Independent Auditor's Report**

#### **To the Members of Adani Defence Systems and Technologies Limited**

##### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS Financial Statements of Adani Defence Systems and Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

##### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind As) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

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

##### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



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**Independent Auditor's Report**

**To the Members of Adani Defence Systems and Technologies Limited (Continue)**

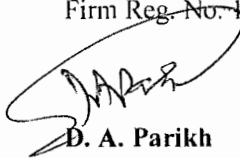
**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, the Statement Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B';
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : 1st May, 2018



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

  
**D. A. Parikh**  
Partner  
Membership No. 045501

# **DHARMESH PARIKH & CO.**

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### **Annexure - A to the Independent Auditor's Report** **RE: Adani Defence Systems and Technologies Limited**

(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Ind AS Financial Statements for the year ended 31<sup>st</sup> March, 2018, we report that:

- (i) The company does not have any Fixed Assets. Accordingly, the provisions of paragraph 3 (i) (a) to (c) of the Order are not applicable.
- (ii) The Company has not carried out any commercial activities during the year ended on 31<sup>st</sup> March, 2018 and hence it does not carry any Inventory. Accordingly the provisions of paragraph 3 (ii) (a) & (b) of the Order are not applicable.
- (iii) According to the information and explanation given to us and the records produced to us for our verification, the company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us and representations made by the Management, the Company has complied with the provisions of section 186 of the Act in respect of the investments made by it. The Company has not given any loans, guarantees and has not provided any securities to which provisions of section 185 and 186 apply.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The company has not done any commercial activity during the year under review. Accordingly, the maintenance of cost records under section 148(1) of the Act as prescribed by the Central Government is not applicable to the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income tax and other material statutory dues have generally been deposited regularly during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, service tax, duty of customs, value added tax, cess employees' state insurance, provident fund and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company and representations made by the Management, there are no statutory dues as mentioned in paragraph 3(vii)(a) which have not been deposited on account of any dispute.
- (viii) The Company has not taken any loan either from banks, financial institutions or from the government and has not issued any debentures. Accordingly the provisions of paragraph 3 (viii) of the Order are not applicable.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable.



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### **Annexure - A to the Independent Auditor's Report**

#### **RE: Adani Defence Systems and Technologies Limited (Continue)**

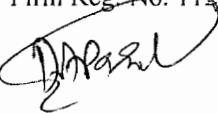
(Referred to in Paragraph 1 of our Report of even date)

- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has not been paid /provided. Accordingly the provisions of Clauses 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.
- (xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all the transaction with related parties are in compliance with section 177 and 188 of Companies Act 2013 and all the details have been disclosed in Standalone Ind AS Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement or not issued any debenture during the year under review. Accordingly the provisions of paragraph 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records, Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

Place : Ahmedabad  
Date : 1st May, 2018



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

  
**D. A. Parikh**  
Partner  
Membership No. 045501

# **DHARMESH PARIKH & CO.**

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### **Annexure - B to the Independent Auditor's Report RE: Adani Defence Systems and Technologies Limited**

(Referred to in Paragraph 2(f) 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).**

We have audited the internal financial controls over financial reporting of the company as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the company for the year ended on that date.

#### **Management's Responsibilities for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

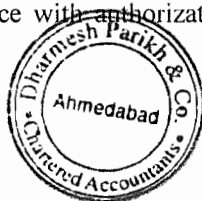
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal 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 judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the company; and



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### **Annexure - B to the Independent Auditor's Report**

#### **RE: Adani Defence Systems and Technologies Limited (Continue)**

(Referred to in Paragraph 2(f) of our Report of even date)

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

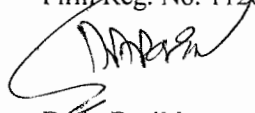
#### **Opinion**

In our opinion, though the company has not done any significant transactions during the year, it has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Ahmedabad  
Date : 1st May, 2018



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

  
**D. A. Parikh**  
Partner  
Membership No. 045501

**ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED**

Balance Sheet as at 31st March, 2018

(Amount in ₹)

Particulars	Notes	As at 31st March,2018	As at 31st March,2017
<b>ASSETS</b>			
<b>(I) Non-Current Assets</b>			
Financial Assets			
Investments	3	203,304,926	1,500,000
		<b>203,304,926</b>	<b>1,500,000</b>
<b>(II) Current Assets</b>			
Financial Assets			
Cash & Cash Equivalents	4	790,155	311,897
		<b>790,155</b>	<b>311,897</b>
<b>Total Assets</b>		<b>204,095,081</b>	<b>1,811,897</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	5	205,500,000	500,000
Other Equity		(3,248,313)	(340,337)
		<b>202,251,687</b>	<b>159,663</b>
<b>LIABILITIES</b>			
<b>(I) Non-Current Liabilities</b>			
		-	-
<b>(II) Current Liabilities</b>			
Financial Liabilities			
Borrowings	6	1,794,862	1,634,220
Trade Payables	7	40,135	14,375
Other Current Liabilities	8	8,397	3,639
		<b>1,843,394</b>	<b>1,652,234</b>
<b>Total Equity and Liabilities</b>		<b>204,095,081</b>	<b>1,811,897</b>
Summary of Significant Accounting Policies	2		
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**

**D. A. Parikh**  
Partner  
Membership No. 045501



**Ashish Rajvanshi**  
Managing Director  
DIN:07590913

**Jatin Jalundhwala**  
Director & Company Secretary  
DIN: 00137888

**Rakesh Shah**  
Chief Financial Officer  
Place : Ahmedabad  
Date : 1st May ,2018

Place : Ahmedabad  
Date : 1st May ,2018

**ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED**  
**Statement of Profit and Loss for the year ended on 31st March, 2018**

(Amount in ₹)

Particulars	Notes	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>a) Revenue</b>			
Revenue from Operations		-	-
<b>Total Revenue</b>		-	-
<b>b) Expenses</b>			
Finance Costs	9	178,491	167,805
Other Expenses	10	2,729,486	33,130
<b>Total Expenses</b>		<b>2,907,976</b>	<b>200,935</b>
<b>c) (Loss) Before Tax</b>		<b>(2,907,976)</b>	<b>(200,935)</b>
<b>d) Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Total Tax Expenses</b>		-	-
<b>e) (Loss) For The Year</b>		<b>(2,907,976)</b>	<b>(200,935)</b>
<b>f) Other Comprehensive Income</b>			
- Item that will be reclassified to Statement of Profit & Loss		-	-
- Item that will not be reclassified to Statement of Profit & Loss		-	-
<b>Total Other Comprehensive Income</b>		-	-
<b>g) Total Comprehensive Income for the Year</b>		<b>(2,907,976)</b>	<b>(200,935)</b>
<b>h) Earning per Equity Share of ₹ 10 each</b>			
- Basic & Diluted	15	<b>(0.53)</b>	<b>(4.02)</b>
<b>Summary of Significant Accounting Policies</b>	2		

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**

**D. A. Parikh**  
Partner  
Membership No. 045501



**Ashish Rajvanshi**  
Managing Director  
DIN: 07590913

**Jatin Jalundhwala**  
Director & Company Secretary  
DIN: 00137888

**Rakesh Shah**  
Chief Financial Officer  
Place : Ahmedabad  
Date : 1st May, 2018

Place : Ahmedabad  
Date : 1st May, 2018



**ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED**

Cash Flow Statement for the year ended on 31st March 2018

(Amount in ₹)

Particulars	Notes	For the year ended 31st March,2018	For the year ended 31st March,2017
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) for the year		(2,907,976)	(200,935)
<b>Adjustment on account of :</b>			
Interest Expense		178,491	167,805
Share capital and share issue expenses		2,538,700	-
Operating (Loss) Before Working Capital Changes		<b>(190,785)</b>	<b>(33,130)</b>
<b>Movements in Working Capital :</b>			
Increase / (Decrease) in Trade Payables		25,760	62
Increase / (Decrease) in Other Current Liabilities		4,758	2,143
<b>Cash Flow from Operations</b>		<b>(160,267)</b>	<b>(30,925)</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(160,267)</b>	<b>(30,925)</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of investment in Associate Companies		(201,804,926)	-
<b>Net Cash Flow From Investing Activities</b>		<b>(201,804,926)</b>	<b>-</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Equity Share Capital		205,000,000	-
Proceeds from Borrowings (net)		160,642	58,374
Share Capital and Issue Expenses		(2,538,700)	
Interest paid		(178,491)	(167,805)
<b>Net Cash Flow From Financing Activities</b>		<b>202,443,451</b>	<b>(109,431)</b>
<b>Net (Decrease) in Cash &amp; Cash Equivalents</b>		<b>478,258</b>	<b>(140,356)</b>
Cash & Cash Equivalents at the beginning of the year		311,897	452,253
<b>Cash &amp; Cash Equivalents at the end of the year</b>		<b>790,155</b>	<b>311,897</b>

Summary of Significant Accounting Policies 2

Note:- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7)- Statement of Cash Flow

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**

**D. A. Parikh**  
Partner  
Membership No. 045501



**Ashish Rajvanshi**  
Managing Director  
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Director & Company Secretary  
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**Rakesh Shah**

Chief Financial Officer  
Place : Ahmedabad  
Date : 1st May ,2018

Place : Ahmedabad  
Date : 1st May ,2018

# ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED

## Statement of Changes in Equity

### A. Share Capital

Particulars	Numbers	Amount in ₹
As at 1 <sup>st</sup> April 2016	50,000	500,000
Changes in the Equity Share Capital	-	-
As at 31 <sup>st</sup> March 2017	50,000	500,000
As at 1 <sup>st</sup> April 2017	50,000	500,000
Changes in the Equity Share Capital	20,500,000	205,000,000
As at 31 <sup>st</sup> March 2018	20,550,000	205,500,000

### B. Other Equity

Particulars	Amount in ₹
As at 1 <sup>st</sup> April 2016	(139,402)
Adjustments	
( Loss) for the year	(200,935)
Other Comprehensive Income	-
As at 31 <sup>st</sup> March 2017	(340,337)
Balance at 1 <sup>st</sup> April 2017	(340,337)
Adjustments	
( Loss) for the year	(2,907,976)
Other Comprehensive Income	-
As at 31 <sup>st</sup> March 2018	(3,248,313)

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

  
**D. A. Parikh**

Partner

Membership No. 045501

For and on behalf of the Board

**For Adani Defence Systems And Technologies Limited**

  
**Ashish Rajvanshi**

Director

DIN: 00007116

  
**Jatin Jalundhwala**

Director

DIN: 00137888



  
**Rakesh Shah**

Chief Financial Officer

Place : Ahmedabad

Date : 1st May ,2018

Place : Ahmedabad

Date : 1st May ,2018

**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 Mithakhali 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 and presentation 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) Use of Significant Judgements, Estimates and Assumptions**

The preparation of financial statements in conformity with Ind AS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known / materialized.

**Estimates and assumptions are required in particular for:**

**i) Recognition of deferred tax assets:**

A 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.

**ii) 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.

**c) Current & Non-Current Classification**

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities and time between the activities performed and their subsequent realisation in cash or cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

**d) Cash And Cash Equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**e) 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.

**f) Financial Instruments**

- i) 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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
- 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.





# ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED

Notes to Financial Statements for the year ended 31 March 2018

3 Non Current Investments		(Amount in `)	
Particulars	As at 31st March,2018	As at 31st March,2017	
<b>(a) Investment in Equity Instruments of Subsidiary Companies-Unquoted (all fully paid up)</b>			
1) 50,000 (31st March 2017 : 50,000) Equity Shares of Adani Land Defence and Technologies Ltd of Rs 10 each	5,00,000	5,00,000	
2) 50,000 (31st March 2017: 50,000) Equity Shares of Adani Naval Defence and Technologies Ltd of Rs 10 each	5,00,000	5,00,000	
3) 50,000(31st March 2017: 50,000) Equity Shares of Adani Aero Defence and Technologies Ltd of Rs 10 each	5,00,000	5,00,000	
<b>(b) Investment in Equity Instruments of Associate Companies-Unquoted (all fully paid up)</b>			
1) 137,339(31st March 2017 : Nil) Equity Shares of Comprotech Engineering Private Limited of Rs 100 each	12,38,04,926	-	
2) 721277 (31st March 2017 : Nil) Equity Shares of AutoTEC Systems Private Limited of Rs 10 each	7,80,00,000	-	
	<b>20,33,04,926</b>	<b>15,00,000</b>	
Aggregate amount of quoted investments	-	-	
Market value of quoted investments	-	-	
Aggregate amount of unquoted investments	20,33,04,926	15,00,000	
Market value of unquoted investments	-	-	

4 Cash & cash equivalents		(Amount in `)	
	As at 31st March,2018	As at 31st March,2017	
<b>Cash and Cash Equivalent</b>			
Balance with Bank	7,90,155	3,11,897	
	<b>7,90,155</b>	<b>3,11,897</b>	

## 5 Share Capital

	As at 31st March,2018		As at 31st March,2017	
	Numbers	Amount in `	Numbers	Amount in `
<b>Authorised shares</b>				
Equity Shares of Rs. 10/- each	2,30,00,000	23,00,00,000	50,000	5,00,000
<b>Issued, subscribed fully paid-up shares</b>				
Equity shares of Rs.10/- each fully paid u	2,05,50,000	20,55,00,000	50,000	5,00,000
	<b>2,05,50,000</b>	<b>20,55,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

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

	As at 31st March,2018		As at 31st March,2017	
	Numbers	Amount in `	Numbers	Amount in `
<b>Equity shares</b>				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the period	2,05,00,000	20,50,00,000	-	-
Outstanding at the end of the year	<b>2,05,50,000</b>	<b>20,55,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

### 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,2018		As at 31st March,2017	
	Numbers	Amount in `	Numbers	Amount in `
<b>Equity Shares</b>				
Adani Enterprises Limited	2,05,50,000	20,55,00,000	50,000	5,00,000
(Holding Company with its nominees)	<b>2,05,50,000</b>	<b>20,55,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

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

	As at 31st March,2018		As at 31st March,2017	
	Numbers	% holding	Numbers	% holding
<b>Equity Shares</b>				
Adani Enterprises Limited	2,05,50,000	100%	50,000	100%
(Holding Company with its nominees)	<b>2,05,50,000</b>	<b>100%</b>	<b>50,000</b>	<b>100%</b>

The Authorised Capital of the Company has been increased to Rs Twenty Three Crores divided into Two Crores Thirty Lakhs Equity Shares of Rs Ten each by passing a Special Resolution by the Members of the Company in the Extraordinary General Meeting held on 1st December,2017



**ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED****Notes to Financial Statements for the year ended 31 March 2018****6 Short Term Borrowings**

(Amount in `)

Unsecured Loan from Holding Company  
(The above loan is carrying interest at 10% and repayable on demand)

As at 31st March, 2018	As at 31st March, 2017
17,94,862	16,34,220
<b>17,94,862</b>	<b>16,34,220</b>

**7 Trade Payables**

(Amount in `)

Trade payables  
- Micro, small and medium enterprise (See Note 14)  
- Others

As at 31st March, 2018	As at 31st March, 2017
-	-
40,135	14,375
<b>40,135</b>	<b>14,375</b>

**8 Other Current Liabilities**

(Amount in `)

Statutory Dues Payable (Tax Deduction At Source)

As at 31st March, 2018	As at 31st March, 2017
8,397	3,639
<b>8,397</b>	<b>3,639</b>

**9 Finance Costs**

(Amount in `)

Interest on Borrowings

For the year ended 31/Mar/2018	For the year ended 31/Mar/2017
1,78,491	1,67,805
<b>1,78,491</b>	<b>1,67,805</b>

**10 Other Expenses**

(Amount in `)

Legal & Professional Fees  
Stamp Duty  
Filing Fees  
Bank Charges  
Membership & Subscription  
Payment to Auditors  
Statutory Audit Fees  
Other Services  
Certification

For the year ended 31/Mar/2018	For the year ended 31/Mar/2017
12,685	2,587
7,02,500	-
18,40,620	1,628
59,469	40
70,800	-
20,000	14,438
11,612	14,437
11,800	-
<b>27,29,486</b>	<b>33,130</b>

**Note: Corporate Social Responsibility Activities**

(a) Amount required to be spent by the company during the year.

Nil Nil

(b) Amount spent during the year including provision (on purpose other than construction/acquisition of assets controlled by the Company)

Nil Nil

**11 Fair Value Measurement**

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.

**12 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**

The Company is exposed to changes in interest rates due to its financing, investing and cash management activities. The risks arising from interest rate movements arise from borrowings with variable interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Group's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for interest rate risk. The Company's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.



# ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED

Notes to Financial Statements for the year ended 31 March 2018

## 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.

## 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.

## 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, 2018 and as at 31st March, 2017

## 13 Disclosures under MSMED Act

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 14 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 ( Only transactions during the period)	W.e.f.19.01.2018 W.e.f.28.12.2017
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	Refer Note 1 below Refer Note 2 below Refer Note 3 below Refer Note 4 below

### Note

- 1 Mr Ashish Rajvanshi appointed as Director w.e.f.06.09.2017 and as Managing Director w.e.f. 31.03.2018
- 2 Mr Amit Uplenchwar resigned as Director w.e.f. 06.09.2017
- 3 Mr Jatin Jalundhwala appointed as Company Secretary w.e.f. 31.03.2018
- 4 Mr Rakesh Shah appointed as Chief Financial Officer w.e.f. 31.03.2018

## II Nature And Volume of transactions with Related Parties

(Amount in ₹ )

Nature of Transaction	Name of the Related Party	For the Year Ended 31/Mar/2018	For the Year Ended 31/Mar/2017
Share Capital Received	Adani Enterprises Ltd	205,000,000	-
Borrowings ( Loan taken)	Adani Enterprises Ltd	2,500,000	800,000
Borrowings ( Loan repaid)	Adani Enterprises Ltd	2,500,000	900,000
Subscription of Investment	Comprotech Engineering	98,747,798	-
	AutoTEC Systems Private	78,000,000	-
Interest Expense	Adani Enterprises Ltd	178,491	167,805

## III Closing Balances as on 31st March,2018

Nature of Transaction	Name of Related Party	Closing Balance As on 31st	Closing Balance As on 31st
Borrowings ( Loan)	Adani Enterprises Ltd	1,794,862	1,634,220

## 15 Earning Per Share (EPS)

(Amount in ₹ )

Particulars	For the year ended 31/Mar/2018	For the year ended 31/Mar/2017
Net Profit ( Loss) after tax available for Equity Shareholders	(2,907,976)	(200,935)
Weighted Average Number of shares used in computing Earnings Per Share	5,504,795	500,000
Basic & Diluted Earnings Per Share ( Face Value of ₹ 10/- each)	(0.53)	(4.02)
Basic & Diluted ( in ₹ )		



**ADANI DEFENCE SYSTEMS AND TECHNOLOGIES LIMITED**

Notes to Financial Statements for the year ended 31 March 2018

**16 Contingent Liabilities & Commitments**

(Amount in ₹)

Particulars	As at 31st March,2018	As at 31st March,2017
Contingent Liabilities to the extent not provided for	Nil	Nil
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account ( net of advances)	Nil	Nil

**17 Approval of Financial Statements**

The financial statements were approved for issue by the board of directors on 1st May, 2018.

**18 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

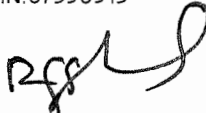
  
**D. A. Parikh**  
Partner  
Membership No. 045501



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

  
**Ashish Rajvanshi**  
Managing Director  
DIN:07590913

  
**Jatin Jalundhwala**  
Director & Company Secretary  
DIN: 00137888

  
**Rakesh Shah**  
Chief Financial Officer  
Place : Ahmedabad  
Date : 1st May ,2018

Place : Ahmedabad  
Date : 1st May ,2018