

SRIVASTAVA KUMAR & CO.

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of **Punj Lloyd Raksha Systems Private Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Punj Lloyd Raksha Systems Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, 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 the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

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

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



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Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone Ind AS financial statements.

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

Opinion

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



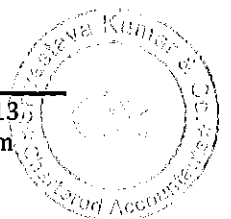
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Report on Other Legal and Regulatory Requirements


1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

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 of 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 relevant rule issued thereunder
 - e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i the Company does not have any pending litigations which would impact its financial position;



- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company did not pay/provide any managerial remuneration during the year. Accordingly, clause 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties have been in compliance with section 177 or section 188 as applicable and these are disclosed in the financial statements as required to be disclosed as per applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, 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 to the Company.

for Srivastava Kumar & Co.
Chartered Accountants
Firm Registration Number: 011204N


Anil Kumar Sharma
Partner
Membership Number 097850

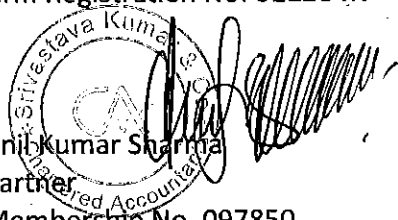
Place: Gurgaon
Date : 05-05-2017

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- ii. the Company does not have any long-term contracts including derivative contracts, for which provision is required for any foreseeable losses;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.

for Srivastava Kumar & Co.
Chartered Accountants
Firm Registration No: 011204N


Anil Kumar Sharma
Partner
Membership No. 097850

Place: Gurgaon

Date: 4/5/17

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Annexure - A to the Auditors' Report

Referred to in paragraph 1 under the heading report on other legal and regulatory requirements of the Auditors' Report of even date

Re: Punj Lloyd Raksha Systems Private Limited

- (i) The Company did not have fixed assets during the year under review. Therefore, clauses 3 (i) (a) to (c) of the Order are not applicable.
- (ii) The Company did not have any inventory during the year under review. Therefore, clause 3 (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the clauses 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to information and explanations given to us, since the company is Non- Banking Finance Company registered with Reserve Bank Of India and its principal business is acquisition of securities. Thus, clause relating to compliance with provisions of section 185 and 186 of the Act is not applicable to the company for the year.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the service rendered by the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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- (b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- (viii) The Company did not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Therefore, clause 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company did not pay/provide any managerial remuneration during the year. Accordingly, clause 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties have been in compliance with section 177 or section 188 as applicable and these are disclosed in the financial statements as required to be disclosed as per applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



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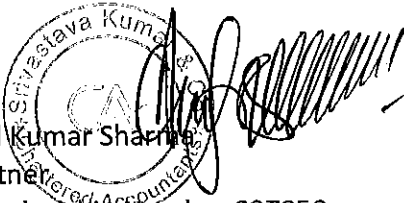
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- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

for Srivastava Kumar & Co.

Chartered Accountants

Firm Registration Number: 011204N


Anil Kumar Sharma
Partner
Membership Number 097850

Place: Gurgaon

Date :

4/5/17.

SRIVASTAVA KUMAR & CO.

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Annexure - B to the Auditors' Report

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

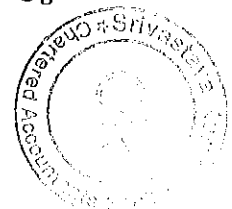
We have audited the internal financial controls over financial reporting of **Punj Lloyd Raksha Systems Private Limited** ("the Company") as of March 31, 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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.



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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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



SRIVASTAVA KUMAR & CO.

Chartered Accountants

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for Srivastava Kumar & Co.
Chartered Accountants
Firm Registration Number: 011204N

Anil Kumar Sharma
Partner
Membership Number 097850

Place: Gurgaon

Date :

4/9/17

Punj Lloyd Raksha Systems Private Limited
Standalone Balance Sheet as at March 31, 2017
(All amounts in INR, unless otherwise stated)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Assets				
Non-current assets				
Capital work in progress		5,879,698	-	-
Current assets				
Other current assets	3	37,951,642	-	-
Financial Assets				
Cash and bank balances	4	24,277,475	16,023,115	79,165
Other assets	5	129,918	-	-
		24,407,393	16,023,115	79,165
Total Assets		68,238,733	16,023,115	79,165
Equity and liabilities				
Equity share capital	6	68,747,970	16,851,350	100,000
Other equity	7	(584,398)	(844,454)	(47,209)
Equity attributable to equity holders		(584,398)	(844,454)	(47,209)
Total Equity		68,163,572	16,006,896	52,791
Current liabilities				
Financial Liabilities				
Trade payables	9	31,102	16,219	26,374
Provisions	8	44,059	-	-
		75,161	16,219	26,374
Total liabilities		75,161	16,219	26,374
Total equity and liabilities		68,238,733	16,023,115	79,165

Summary of significant accounting policies

The accompanying notes form an integral part of the financial statements

This is the balance sheet referred to in our report of even date.

For Srivastava Kumar & Co.

Chartered Accountants

FRN : 011204M

Anil Kumar Sharma
 (Partner)

M. No. 097850

Place : Gurgaon

Dated : 4/5/17

For and on behalf of Board of Directors of Punj Lloyd Raksha Systems Private Limited

Ashok Wadhawan
 Director
 DIN : 03384006

Alay Soni
 Director
 DIN : 07416022

Punj Lloyd Raksha Systems Private Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016
Income			
Finance Income	10	729,359	-
Total Income		729,359	-
Expenses			
Other expenses	11	352,306	797,245
Total expenses		352,306	797,245
Profit before tax		377,053	(797,245)
Tax expense:			
Current tax		116,997	-
Earlier year adjustments		-	-
Deferred Tax		-	-
Total tax expense		116,997	-
Profit for the year		260,056	(797,245)
Other comprehensive income			
Net (Loss)/gain on FVTOCI on equity investments		-	-
Income tax effect (Adjusted against Deferred Tax)		-	-
Total comprehensive income for the year attributable to equity holder of the company		260,056	(797,245)
Earnings per equity share [nominal value per share Rs.100 (Previous year Rs.100)]			
Basic and diluted (in Rs.)	12	0.08	(12.69)

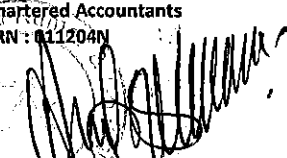
Summary of significant accounting policies

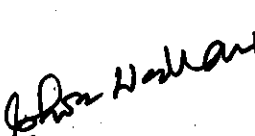
The accompanying notes form an integral part of the financial statements

This is the statement of profit and loss referred to in our report of even date.

This is the balance sheet referred to in our report of even date.

For and on behalf of Board of Directors of Punj Lloyd Raksha Systems Private Limited

For Srivastava Kumar & Co.
Chartered Accountants
FRN : 811204N

Anil Kumar Sharma
(Partner)
M. No. 097850
Place : Gurgaon
Dated : 4/3/17


Ashok Wadhawan
Director
DIN : 03384006


Ajay Soni
Director
DIN : 07416022

Punj Lloyd Raksha Systems Private Limited
Standalone statement of Other Equity

For the year ended March 31, 2016

Description	Reserves and Surplus	Total
	Retained earning	
As at April 01, 2015	(47,209)	(47,209)
Profit for the year	(797,245)	(797,245)
Other comprehensive Income	-	-
Total Comprehensive Income	(844,454)	(844,454)
Transfers	-	-
As at March 31, 2016	(844,454)	(844,454)

For the year ended March 31, 2017

Description	Reserves and Surplus	Total
	Retained earning	
As at March 31, 2016	(844,454)	(844,454)
Profit for the year	260,056	260,056
Other comprehensive Income	-	-
Total Comprehensive Income	(584,398)	(584,398)
Transfers	-	-
As at March 31, 2017	(584,398)	(584,398)



Punj Lloyd Raksha Systems Private Limited
 Standalone Cash flow statement for the year ended March 31, 2017
 (All amounts in INR, unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016
A Cash flow from/ (used in) operating activities			
Profit/(loss) before tax		377,053	(797,245)
Adjustments for:			
Interest Income		(729,359)	-
Operating profit before working capital changes		(352,306)	(797,245)
Movement in working capital:			
(Increase) / decrease in Other Receivables		(37,951,642)	-
Increase / (decrease) in trade payables		14,883	(10,155)
Cash generated from/ (used in) operations		(38,289,065)	(807,400)
Direct tax payments (Net of refunds)		(72,938)	-
Net cash flow from/ (used in) operating activities (A)		(38,362,003)	(807,400)
Cash flow from investing activities			
Purchase of property, plant and equipments, including property under development		(5,879,698)	-
Interest received		599,441	-
B Net cash flow from/ (used in) investing activities (B)		(5,280,257)	-
C Cash flow from (used in) financing activities			
Increase/(Decrease) in share Capital		51,896,620	16,751,350
Net cash flow from/ (used in) financing activities (C)		51,896,620	16,751,350
Net Increase/(decrease) in cash and cash equivalents (A+B+C)		8,254,360	15,943,950
Cash and cash equivalents at the beginning of the year		16,023,115	79,165
Cash and Cash equivalents at the end of the year		24,277,475	16,023,115
Components of cash and cash equivalents			
Cash on hand		-	-
Balances with banks:			
On current accounts		7,877,475	16,023,115
Deposits with original maturity value of less than three months		16,400,000	-
		24,277,475	16,023,115

Summary of significant accounting policies

2.1

The accompanying notes form an integral part of the financial statements

For Srivastava Kumar & Co.
 Chartered Accountants

FRN : 011204N

Anil Kumar Sharma
 (Partner)

M. No. 097850

Place : Gurgaon

Dated :

4/6/17

For and on behalf of Board of Directors of Punj Lloyd Raksha

Ashok Wadhawan
 Director
 DIN : 03384006

Ajay Soni
 Director
 DIN : 07416022

Punj Lloyd Raksha Systems Private Limited

1. Corporate Information

Punj Lloyd Raksha Systems Private Limited (Formerly Spectra Punj Enterprises Private Limited) "the Company" is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956 which has since been replaced with Companies Act, 2013. The Company is a subsidiary of Punj Lloyd Industries Limited. The Company is primarily engaged in manufacturing of defence equipment.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards Ind AS.

For all periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. These financial statements for the year ended 31st March 2016 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount for certain financial assets and liabilities measured at fair value (Refer note 14 below.)

2.1 Summary of significant accounting policies

A. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring an adjustment to the carrying amounts of assets or liabilities in future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company has determined the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available, wherever market observable data is not available, the Company engages third party qualified valuers to perform the valuation.

B. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

a) For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses. Interest income is included in the finance income in the statement of profit and loss.

C. Financial Instruments

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

Financial Instruments : Initial Recognition

All the financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.



Financial Instruments : Subsequent measurement

All equity investments are measured at fair value. For the purpose of subsequent measurement, Equity Investments are measured at FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at fair value through profit and loss.

Financial instruments : Derecognition

All financial asset is primarily derecognized when right to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flow from the asset or the company has transferred control of the asset.

D. Income Taxes

Tax expense comprises of current and deferred tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income tax relating to items recognised directly in Shareholders' funds is recognised in Shareholders' funds and not in the statement of profit and loss.

Deferred tax is provided using the liability method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deduction temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It reduced to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of deferred tax assets to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

E. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

F. Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of 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. When the Group expects some or all of a provision to be reimbursed, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



G. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

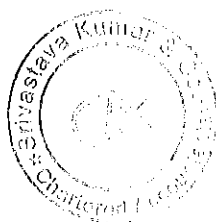
H. Contingent liabilities & assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.
- d) contingent assets are not recognized but disclosed where an inflow of economic benefits is probable.

I. Functional Currency

The financial statements are presented in Indian Rupee, which is also the functional currency of the Company.



Punj Lloyd Raksha Systems Private Limited
 Standalone Notes to the Financial Statements for the year ended March 31, 2017
 (All amounts in INR, unless otherwise stated)

3 Other current assets

Particulars	Long term			Short term		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances recoverable in kind:						
Advances to suppliers	-	-	-	37,423,038	-	-
Prepaid Expenses	-	-	-	79,254	-	-
Employee advances	-	-	-	146,000	-	-
MODVAT	-	-	-	303,350	-	-
				<u>37,951,642</u>		

4 Financial Assets : Cash and bank balances

Particulars	As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	April 01, 2015
Cash and cash equivalents				
Balances with Banks :				
On current account	7,877,475		16,023,115	79,165
Deposits with original maturity of less than three months	16,400,000		-	-
	<u>24,277,475</u>		<u>16,023,115</u>	<u>79,165</u>

5 Other non-financial assets

Particulars	As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	April 01, 2015
Interest receivable	129,918		-	-
	<u>129,918</u>		<u>-</u>	<u>-</u>

6 Share capital

Particulars	Nos		Amount in INR	
Authorised Share Capital				
Equity shares :				
At 1st April 2015	10,000		100,000	
Increase/(decrease) during the year	6,640,000		66,400,000	
At 31st March 2016	6,650,000		66,500,000	
Increase/(decrease) during the year	1,000,000		10,000,000	
At 31st March 2017	<u>7,650,000</u>		<u>76,500,000</u>	

(a) Issued equity capital

Particulars	Nos		Amount in INR	
At 1st April 2015	10,000		100,000	
Changes during the year	1,675,135		16,751,350	
At 31st March 2016	1,685,135		16,851,350	
Changes during the year	5,189,662		51,896,620	
At 31st March 2017	<u>6,874,797</u>		<u>68,747,970</u>	

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by its holding company

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

	As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	April 01, 2015
Punj Lloyd Industries Limited, the holding company				
3,506,150 (Previous Year 862,500) equity shares of Rs. 10 each fully paid up.	35,061,500	8,625,000		100,000

(d) Detail of shareholders holding more than 5% of the equity share capital of the Company :

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Nos.	% of holding	Nos.	% of holding	Nos.	% of holding
Punj Lloyd Industries Limited	3,506,150	51.00%	862,500	51.18%	10,000	100.00%
Israel Weapon Industries (IWI) limited	3,368,647	49.00%	822,635	48.82%	-	-

(e) No bonus shares or shares issued for consideration other than cash or shares bought back over the last five years immediately preceding the reporting date.



Punj Lloyd Raksha Systems Private Limited
 Standalone Notes to the Financial Statements for the year ended March 31, 2017
 (All amounts in INR, unless otherwise stated)

7 Other Equity

Particulars	As at		As at
	March 31, 2017	March 31, 2016	April 01, 2015
Surplus/(Deficit) in the statement of profit and loss			
Balance as per last financial statement	(844,454)	(47,209)	
Profit for the year	260,056	(797,245)	(47,209)
Net deficit in the statement of profit and loss	(584,398)	(844,454)	(47,209)
Other Comprehensive Income			
Total reserve and surplus	<u>(584,398)</u>	<u>(844,454)</u>	<u>(47,209)</u>

8 Non Financial Liability : Provisions

Particulars	Long term			Short term		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for current Tax (net of advance tax)	-	-	-	44,059	-	-
	-	-	-	<u>44,059</u>	-	-

9 Financial Liability : Current liabilities

Particulars	As at		As at
	March 31, 2017	March 31, 2016	April 01, 2015
Trade payables (Including acceptances)	31,102	16,219	26,374
Also refer note 19 for details of dues to micro and small enterprises			
	<u>31,102</u>	<u>16,219</u>	<u>26,374</u>

10 Finance Income

Particulars	As at	Year Ended
	March 31, 2017	March 31, 2016
Interest income on bank deposits	729,359	-
	<u>729,359</u>	<u>-</u>

11 Other expenses

Particulars	Year Ended	Year Ended
	March 31, 2017	March 31, 2016
Payment to auditors (refer below)	6,900	6,870
Bank charges	76,357	4,847
Consultancy and professional Charges	24,528	50,453
Travelling and Conveyance expenses	377	-
Rates and taxes	198,189	727,875
Other office expenses	45,955	7,200
	<u>352,306</u>	<u>797,245</u>
Payment to auditors		
As auditors :		
Audit fee	6,900	6,870
Certification/other matters	-	-
Reimbursement of expenses	<u>6,900</u>	<u>6,870</u>

12 Earnings per share

	Year Ended	Year Ended
	March 31, 2017	March 31, 2016
Basic and diluted earnings		
a. Calculation of weighted average number of equity shares of Rs. 100 each		
Number of equity shares at the beginning of the year	1,685,136	10,000
Equity shares at the end of the year	6,650,000	1,685,135
Weighted average number of equity shares outstanding during the year	3,249,408	62,838
b. Net profit after tax available for equity share holders (Rs.)	260,056	(797,245)
c. Basic and diluted earnings per share	0.08	(12.69)
d. Nominal value of share (Rs.)	10	10



13 Segment Reporting

Business Segment:

The Company's business activity is Manufacturing of defence equipments. The commercial production of these equipments are yet to start. Therefore, segment reporting in terms of Ind AS 108 on Segmental Reporting is not applicable.

Geographical Segment

The Company's operations are within India and does not operate in any other Country and hence there are no geographical segments.

14 Fair Value

The management assessed that cash and cash equivalents, Loans and Advances, Other Assets, Trade Payables, Borrowings and Other Current Liabilities approximate their carrying amounts largely due to the short term maturities of these Instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

15 Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency risk and liquidity risk arises in the normal course of the Company's business. The Company has risk management policies which set out its overall business strategies, its tolerance or risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Company's policy guidelines are adhered to.

The management reviews and agrees policies for managing each of these risks, which are summarized below.

Credit risk is the risk that counterparty will not meet its obligations under financial instrument or customer contract, leading to financial loss. The company is exposed to credit risk mainly from its operating activities i.e trade receivable.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and other receivables (including related party balances), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in the market price. The only financial instruments affected by market risk is non current investments.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rate. The Company's exposure to the risk of changes in market interest rates related primarily to the Companies long term debt obligation with floating interest rate. As on March 31, 2017 the Company does not have any bank borrowing at floating interest rate.

16 Capital Management

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

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	Mar-17	Mar-16	Mar-15
Trade payables	31,102	16,219	26,374
Less:			
Cash and cash equivalents	(24,277,475)	(16,023,115)	(79,165)
Net Debts	(24,246,373)	(16,006,896)	(52,791)
Equity	68,163,572	16,006,896	52,791
Capital & net debts	43,917,199	-	-
Gearing Ratio	-55%	0%	0%

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The company policy is to keep the gearing ratio between 20% and 40%. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

As the company's commercial operation is yet to commence, the gearing ratio is not comparable.

17 First time adoption of Ind AS

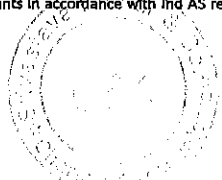
These financial statements, for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. For period up to end including the year ended March 31, 2016, the company prepared its financial statements in accordance with accounting standards notified under sect 133 of the companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's data of transition to Ind AS. Following are the principal adjustments made by the Company in restating its Indian GAAP financial statement, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

The Company has designated unquoted equity instruments held at April 1, 2015 as fair value through OCI investments.

The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP except for unquoted equity instruments, which is carried out fair value through other comprehensive income.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.



Punj Lloyd Raksha Systems Private Limited
 Standalone Notes to the Financial Statements for the year ended March 31, 2017
 (All amounts in INR, unless otherwise stated)
 Reconciliation of equity as at April 1, 2015 - Transition to Ind AS

	As At April 1, 2015		As At March 31, 2016			
	IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
Assets						
Current assets						
Financial Assets						
Cash and bank balances	79,165	-	79,165	16,023,115	-	16,023,115
Total Current Assets	79,165	-	79,165	16,023,115	-	16,023,115
Total Assets	79,165	-	79,165	16,023,115	-	16,023,115
Equity and liabilities						
Equity						
Share capital	100,000	-	100,000	16,851,350	-	16,851,350
Other Equity	(47,209)	-	(47,209)	(844,454)	-	(844,454)
Equity attributable to equity holders of the parent	52,791	-	52,791	16,006,896	-	16,006,896
Current liabilities						
Financial Liabilities						
Trade payables	26,374	-	26,374	16,219	-	16,219
	26,374	-	26,374	16,219	-	16,219
Total Equity and Liabilities	79,165	-	79,165	16,023,115	-	16,023,115

Group reconciliation of profit for the year ended March 31, 2016

	Year ended March 31, 2016		
	Indian GAAP	Adjustments	Ind AS
Income			
Finance Income	-	-	-
Total income	-	-	-
Expenses			
Other expenses	797,245	-	797,245
Total expenses	797,245	-	797,245
Earning before interest, tax, depreciation and amortization (EBITDA) (I-II)	(797,245)	-	(797,245)
Depreciation	-	-	-
Finance costs	-	-	-
Profit/ (loss) before tax	(797,245)	-	(797,245)
Tax expenses			
Current Tax	-	-	-
Deferred tax credit	-	-	-
Total tax expenses	-	-	-
Profit / (Loss) for the year	(797,245)	-	(797,245)
Other Comprehensive Income	-	-	-
Total comprehensive income for the year (net of taxes)	(797,245)	-	(797,245)

18 The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there were no dues outstanding as at March 31, 2017 to Micro and Small Enterprise that are reportable as per Micro, Small and Medium Enterprise Development Act, 2006 .

19 As the Company do not transact in specified bank notes (NBS), hence disclosure as required in Part I in Division II In Schedule III Is not provided.

20 Additional information pursuant to Point No. 5 (ii), (iii), (iv), (v) and (vii) of General Instructions of Part II of Schedule III to the Companies Act, 2013 is not applicable to the Company during the year under review.



Punj Lloyd Raksha Systems Private Limited
Standalone Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

21 In accordance with the requirement of Ind AS 24 on related party disclosures where control exist and where transactions have taken place and description of the relationship as Identified and certified by management are as follows:

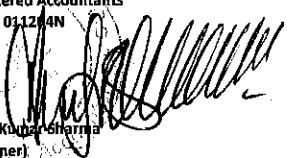
Names of related parties where control exists Irrespective of whether transactions Incurred or not.

A List of related parties :

Holding Company	: Punj Lloyd industries Limited
J.V.Partner	: Israel Weapon Industries Limited
Key Managerial Personnel	: Mr. Ashok Wadhawan - Director
	: Mr. Ajay Soni - Director
	: Mr. Mark Shachar - Director
	: Mr. Sukhi Halm Schwartz - Director
	: Mr. Sanjay Wadhwa (Upto 09-06-2016)

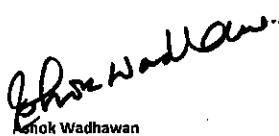
22 No Provision has been made for employees benefit in terms of Ind AS 19 as notified by The Companies Act 2013, as the same is not required to be made as related Provisions are not applicable In case of The Company.

23 As the Company do not transact In specified bank notes (NBS), hence disclosure as required in Part I in Division II In Schedule III Is not provided.

For Srivastava Kumar & Co.
Chartered Accountants
FRN : 011244N

Anil Kumar Sharma
(Partner)
M. No. 097850
Place : Gurgaon
Dated :

4/15/17.

For and on behalf of Board of Directors of Punj Lloyd Raksha Systems Private Limited


Ashok Wadhawan
Director
DIN : 03384006


Ajay Soni
Director
DIN : 07416022