

# **SRIVASTAVA KUMAR & CO.**

**Chartered Accountants**

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## **INDEPENDENT AUDITORS' REPORT**

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 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 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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### **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. The Company has maintained proper records showing full particulars, including quantitative
  - 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 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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"; 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;



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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.

for Srivastava Kumar & Co.

**Chartered Accountants**

**Firm Registration No: 011204N**



**Anil Kumar Sharma**

**Partner**

**Membership No. 097850**

**Place: Gurgaon**

**Date : 05-May-2018**



## **SRIVASTAVA KUMAR & CO.**

**Chartered Accountants**

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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. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipments;
- (b) The property, plant and equipments have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii. (a) The inventory has been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable
- (b) In our opinion, the procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. 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. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans, investments, guarantees and securities in respect of which provision of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- 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, 74, 75 & 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.



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**Chartered Accountants**

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- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- vii. (a) According to information and explanations given to us and the records of the Company examined by us, in our opinion, company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, Employee's State Insurance, Service Tax, cess and Income Tax though, and any other Statutory dues, as applicable, with the appropriate authorities. Further, no material undisputed amounts payable in respect thereof, were outstanding at the year-end for a period of more than six months from the date they become payable.  
  
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institutions/ banks. The company did not have any outstanding dues in respect of debenture during the year.
- ix. According to the records of the company examined by us and the information and explanations given to us, during the year no money were raised by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the information and explanations given by the management, that the company has utilized the monies raised by way of terms of loans for the purposes for which they were raised.
- x. According to the audit procedures performed and the information and explanations given to us by management, no fraud noticed by the Company, or its officers, or employees during the year.
- xi. According to the records of the company examined by us and the information and explanations given to us, no managerial remuneration paid during the year, hence provisions of section 197 read with schedule V to the Companies Act not applicable.



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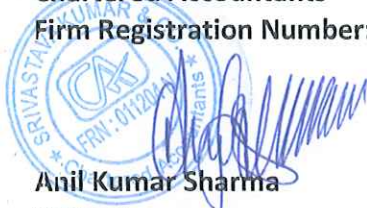
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- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us by management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. According to the information and explanations given to us by management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the audit procedures performed and the information and explanations given to us by management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 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-May-2018**

## **SRIVASTAVA KUMAR & CO.**

**Chartered Accountants**

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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, 2018, in conjunction with our audit of the 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.



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### **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, 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.

**for Srivastava Kumar & Co.**

**Chartered Accountants**

**Firm Registration Number: 011204N**

**Anil Kumar Sharma**

**Partner**

**Membership Number 097850**

**Place: Gurgaon**

**Date : 05-May-2018**

Punj Lloyd Raksha Systems Private Limited  
Standalone Balance Sheet as at March 31, 2018  
(All amounts in INR, unless otherwise stated )

| Particulars                                      | Notes | As at March 31,<br>2018 | As at March 31,<br>2017 |
|--------------------------------------------------|-------|-------------------------|-------------------------|
| <b>Assets</b>                                    |       |                         |                         |
| <b>Non-current assets</b>                        |       |                         |                         |
| Property, plant and equipments                   | 3     | 56,588,518              | -                       |
| Property, plant and equipments under development |       | 2,093,636               | 43,302,736              |
| Other assets                                     | 4     | 100,000                 | -                       |
| <b>Current assets</b>                            |       |                         |                         |
| Inventories                                      |       | 8,822,998               | -                       |
| Other assets                                     | 4     | 8,126,970               | 528,604                 |
| Current tax assets (net)                         |       | 65,975                  | -                       |
| <b>Financial Assets</b>                          |       |                         |                         |
| Trade Receivables                                | 5     | 11,517,933              | -                       |
| Cash and bank balances                           | 6     | 9,373,112               | 24,277,475              |
| Others                                           | 7     | 3,185                   | 129,918                 |
|                                                  |       | <b>20,894,230</b>       | <b>24,407,393</b>       |
| <b>Total Assets</b>                              |       | <b>96,692,327</b>       | <b>68,238,733</b>       |
| <b>Equity and liabilities</b>                    |       |                         |                         |
| Equity share capital                             | 8     | 94,775,800              | 68,747,970              |
| Other equity                                     | 9     | (9,679,592)             | (584,398)               |
| Equity attributable to equity holders            |       | (9,679,592)             | (584,398)               |
| <b>Total Equity</b>                              |       | <b>85,096,208</b>       | <b>68,163,572</b>       |
| <b>Current liabilities</b>                       |       |                         |                         |
| Other liabilities                                | 11    | 236,919                 | -                       |
| Current tax liabilities (net)                    |       | -                       | 44,059                  |
| <b>Financial Liabilities</b>                     |       |                         |                         |
| Trade payables                                   |       | 6,702,742               | 31,102                  |
| Other payables                                   | 12    | 4,482,226               | -                       |
| Provisions                                       | 10    | 174,232                 | -                       |
| <b>Total liabilities</b>                         |       | <b>11,596,119</b>       | <b>75,161</b>           |
| <b>Total equity and liabilities</b>              |       | <b>96,692,327</b>       | <b>68,238,733</b>       |

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 : 011204N

Anil Kumar Sharma  
(Partner)  
M. No. 097850  
Place : Gurgaon  
Dated : 05-May-2018

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

Punj Lloyd Raksha Systems Private Limited  
Standalone Statement of Profit and Loss for the year ended March 31, 2018  
(All amounts in INR, unless otherwise stated )

| Particulars                                                                                 | Notes | Year Ended March 31,<br>2018 | Year Ended March 31,<br>2017 |
|---------------------------------------------------------------------------------------------|-------|------------------------------|------------------------------|
| <b>Income</b>                                                                               |       |                              |                              |
| Revenue from operation                                                                      |       | 11,774,140                   | -                            |
| Finance Income                                                                              | 13    | 806,536                      | 729,359                      |
| Increase / (Decrease) in Stock - Work in progress                                           |       | 5,259,379                    | -                            |
| <b>Total income</b>                                                                         |       | <b>17,840,056</b>            | <b>729,359</b>               |
| <b>Expenses</b>                                                                             |       |                              |                              |
| Material consumed and cost of goods sold                                                    |       | 4,125,675                    | -                            |
| Employee benefit expenses                                                                   | 14    | 5,203,484                    | -                            |
| Other expenses                                                                              | 15    | 12,108,894                   | 352,306                      |
| Depreciation and amortization expense                                                       | 3     | 5,497,197                    | -                            |
| <b>Total expenses</b>                                                                       |       | <b>26,935,250</b>            | <b>352,306</b>               |
| <b>Profit before tax</b>                                                                    |       | <b>(9,095,194)</b>           | <b>377,053</b>               |
| <b>Tax expense:</b>                                                                         |       |                              |                              |
| Current tax                                                                                 |       | -                            | 116,997                      |
| Earlier year adjustments                                                                    |       | -                            | -                            |
| Deferred Tax                                                                                |       | -                            | -                            |
| <b>Total tax expense</b>                                                                    |       | <b>-</b>                     | <b>116,997</b>               |
| <b>Profit for the year</b>                                                                  |       | <b>(9,095,194)</b>           | <b>260,056</b>               |
| <b>Other comprehensive income</b>                                                           |       |                              |                              |
| Net (Loss)/gain on FVTOCI on equity investments                                             |       | -                            | -                            |
| Income tax effect (Adjusted against Deferred Tax)                                           |       | -                            | -                            |
| <b>Total comprehensive income for the year attributable to equity holder of the company</b> |       | <b>(9,095,194)</b>           | <b>260,056</b>               |

Earnings per equity share (nominal value per share Rs.100  
(Previous year Rs.100))

|                             |    |        |      |
|-----------------------------|----|--------|------|
| Basic and diluted ( in Rs.) | 16 | (1.11) | 0.08 |
|-----------------------------|----|--------|------|

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 Srivastava Kumar & Co.  
Chartered Accountants  
FRN : 011204N

Anil Kumar Sharma  
(Partner)  
M. No. 097850  
Place : Gurgaon  
Dated : 05-May-2018

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

Punj Lloyd Raksha Systems Private Limited

Standalone Cash flow statement for the year ended March 31, 2018

(All amounts in INR, unless otherwise stated)

| Particulars                                                                 | Notes | Year Ended<br>March 31, 2018 | Year Ended<br>March 31, 2017 |
|-----------------------------------------------------------------------------|-------|------------------------------|------------------------------|
| <b>A Cash flow from/ (used in) operating activities</b>                     |       |                              |                              |
| Profit/(loss) before tax                                                    |       | (9,095,194)                  | 377,053                      |
| Adjustments for:                                                            |       |                              |                              |
| Depreciation and amortization expenses                                      |       | 5,497,197                    | -                            |
| Interest income                                                             |       | (806,536)                    | (729,359)                    |
| Operating profit before working capital changes                             |       | (4,404,533)                  | (352,306)                    |
| Movement in working capital:                                                |       |                              |                              |
| (Increase) / decrease in Trade receivables                                  |       | (11,517,933)                 | -                            |
| (Increase) / decrease in Current assets                                     |       | -                            | -                            |
| (Increase) / decrease in Inventories                                        |       | (8,822,998)                  | -                            |
| (Increase) / decrease in Other assets                                       |       | (7,698,366)                  | (37,951,642)                 |
| (Increase) / decrease in Other financial assets                             |       | -                            | -                            |
| Increase / (decrease) in Trade payables                                     |       | 6,671,640                    | 14,883                       |
| Increase / (decrease) in Other financial liabilities                        |       | 4,482,226                    | -                            |
| Increase / (decrease) in Provisions                                         |       | 174,232                      | -                            |
| Increase / (decrease) in Other non financial liabilities                    |       | 236,919                      | -                            |
| Cash generated from/ (used in) operations                                   |       | (20,878,814)                 | (38,289,065)                 |
| Direct tax payments (Net of refunds)                                        |       | (110,034)                    | (72,938)                     |
| Net cash flow from/ (used in) operating activities (A)                      |       | (20,988,848)                 | (38,362,003)                 |
| <b>Cash flow from investing activities</b>                                  |       |                              |                              |
| Purchase of property, plant and equipments, including PPE under development |       | (20,876,615)                 | (5,879,698)                  |
| Interest received                                                           |       | 933,269                      | 599,441                      |
| Decrease / (Increase) in margin money deposits                              |       | (1,710,000)                  | -                            |
| <b>B Net cash flow from/( used in) investing activities (B)</b>             |       | (21,653,346)                 | (5,280,257)                  |
| <b>C Cash flow from (used in) financing activities</b>                      |       |                              |                              |
| Proceeds from shares issued                                                 |       | 26,027,830                   | 51,896,620                   |
| <b>Net cash flow from/( used in) financing activities (C)</b>               |       | 26,027,830                   | 51,896,620                   |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>         |       | (16,614,364)                 | 8,254,360                    |
| Cash and cash equivalents at the beginning of the year                      |       | 24,277,475                   | 16,023,115                   |
| Cash and Cash equivalents at the end of the year                            |       | 7,663,112                    | 24,277,475                   |
| <b>Components of cash and cash equivalents</b>                              |       |                              |                              |
| <b>Balances with banks:</b>                                                 |       |                              |                              |
| On current accounts                                                         |       | 7,663,112                    | 7,877,475                    |
| Deposits with original maturity value of less than three months             |       | -                            | 16,400,000                   |
|                                                                             |       | 7,663,112                    | 24,277,475                   |

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 : 05-May-2018

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  
Standalone statement of Other Equity

For the year ended March 31, 2017

| Description                | Reserves and Surplus |                          |                  | Total     |
|----------------------------|----------------------|--------------------------|------------------|-----------|
|                            | General Reserve      | Security Premium Reserve | 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) |

For the year ended March 31, 2018

| Description                | Reserves and Surplus |                          |                  | Total       |
|----------------------------|----------------------|--------------------------|------------------|-------------|
|                            | General Reserve      | Security Premium Reserve | Retained earning |             |
| As at March 31, 2017       | -                    | -                        | (584,398)        | (584,398)   |
| Profit for the year        |                      |                          | (9,095,194)      | (9,095,194) |
| Other comprehensive Income |                      |                          |                  | -           |
| Total Comprehensive Income | -                    | -                        | (9,679,592)      | (9,679,592) |
| Transfers                  | -                    | -                        | -                | -           |
| As at March 31, 2018       | -                    | -                        | (9,679,592)      | (9,679,592) |



## 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.

These financial statements for the year ended March 31, 2018 were authorized for issue in accordance with a resolution of the director on May 05, 2018.

### 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 1st April, 2015, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

The financial statements have been prepared on a historical cost basis, except for the fowling 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 adjustments to the carrying amounts of assets and liabilities within the next financial year.

##### Fair value measurements and valuation process

Some of the Companies assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company has determine the appropriate valuation techniques an 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. Property, plant and equipments

Property, plant and equipment (PPE) includes PPE under development are stated at costs less accumulated depreciation and impairment losses, if any.

The cost includes the purchase price and expenditure that is directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the assets' carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of an item can be measured reliably. The carrying amount of any component accounted for as a separate asset is r derecognized when replaced. All other repair and maintenance are charged to the statement of profit and loss during in which they are incurred.

##### Depreciation

Depreciation is calculated using the straight line method to allocate the costs, net of the residual values, over the estimated useful lives as follows

| Asset Classification         | Useful lives |
|------------------------------|--------------|
| Plant and machinate          | 3 - 20 years |
| Furniture fixtures and tools | 3 - 20 years |
| Vehicles                     | 2-20 years   |

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use thereof. Any gain or loss arising on de-recognition of the assets, measured as the difference between the net disposal proceeds and carrying amount of the asset, is recognized in the statement of profit and loss when the asset is derecognized.



The useful lives, residual values and method of depreciation of property, plant and equipment are reviewed at each financial year end adjusted prospectively.

#### C. Impairment of non-financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

#### D. Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes cost of purchase and other cost incurred in bringing the materials to their present location and condition are accounted for as follows:

- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- **Finished Goods and work in progress:** cost includes cost of direct materials and labour and proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- **Scrap** is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### E. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, generally on delivery of the goods.

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.

#### F. Financial Instruments

Financial Instruments (assets and liabilities) are recognized when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial instruments : Initial Recognition and measurements

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 those designated as fair value through profit or loss (FVTPL), 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 FVTPL are recognized immediately in statement of profit and loss.

##### 1. Financial assets :

**Subsequent measurement :** Subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets.



**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

**Fair value through other comprehensive income (FVTOCI):** The Company has investments which are not held for trading. The Company has elected an irrevocable option to present the subsequent changes in fair values of such investments in other comprehensive income. Amounts recognized in OCI are not subsequently reclassified to the statement of profit and loss.

**Fair value through profit and loss (FVTPL):** FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

**- Impairment of financial assets**

The Company applies Ind AS 109 for recognizing impairment losses using Expected Credit Loss (ECL) model. Impairment is recognized for all financial assets subsequent to initial recognition, other than financial assets in FVTPL category. The impairment losses and reversals are recognized in statement of profit and loss.

**- De-recognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

**2. Financial liabilities**

**- Subsequent measurement**

There are two measurement categories into which the Company classifies its financial liabilities.

**Amortised cost:** After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Financial liabilities at FVTPL:** Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

**- De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**G. Fair value measurement**

The fair value of a financial asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

Level 1 – Where fair value is based on quoted prices from active market.

Level 2 – Where fair value is based on significant direct or indirect observable market inputs.

Level 3 – Where fair value is based on one or more significant input that is not based on observable market data.

For financial assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers is required between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances or (b) at the end of each reporting period.

**H. Income Taxes**



Tax expense comprises 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. 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.

#### **I. Employee Benefits**

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligation in the balance sheet.

Other long-term employee benefit obligations

The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are accounted on actual basis.

**Gratuity obligations :** Liabilities for gratuity are provided for based on number of years of services that each of employees are completed on the end of each reporting period.

#### **Defined contribution plans**

The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

#### **J. Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

#### **K. 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.

#### **L. 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.

#### **M. 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.

#### **N. 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 recognised but disclosed where an inflow of economic benefits is probable.

#### **O. Functional Currency**

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



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3 Property, plant and equipments

|                          | Plant & Machinery | Furniture and fixture | Tools      | Total      |
|--------------------------|-------------------|-----------------------|------------|------------|
| Gross Block              |                   |                       |            |            |
| As at March 31, 2017     | -                 | -                     | -          | -          |
| Addition during the year | 41,876,083        | 1,177,108             | 19,032,524 | 62,085,715 |
| As at Mar 31, 2018       | 41,876,083        | 1,177,108             | 19,032,524 | 62,085,715 |
| Depreciation             |                   |                       |            |            |
| As at March 31, 2017     | -                 | -                     | -          | -          |
| Charge for the period    | 1,615,397         | 111,724               | 3,770,076  | 5,497,197  |
| As at Mar 31, 2018       | 1,615,397         | 111,724               | 3,770,076  | 5,497,197  |
| Net Block                |                   |                       |            |            |
| As at Mar 31, 2018       | 40,260,686        | 1,065,384             | 15,262,448 | 56,588,518 |
| As at March 31, 2017     | -                 | -                     | -          | -          |

4 Other assets

| Particulars                   | Long term            |                      | Short term           |                      |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
|                               | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Advances recoverable in kind: |                      |                      |                      |                      |
| Advances to suppliers         |                      | -                    | 1,727,434            |                      |
| Prepaid Expenses              |                      |                      | -                    | 79,254               |
| Employee advances             |                      |                      | -                    | 146,000              |
| MODVAT                        |                      |                      | 2,896,322            | 303,350              |
| Security deposit              | 100,000              |                      | -                    | -                    |
| GST recoverable               |                      |                      | 3,503,214            | -                    |
|                               | 100,000              | -                    | 8,126,970            | 528,604              |

5 Financial Assets : Trade receivables

| Particulars                        | As at March 31, 2018 | As at March 31, 2017 |
|------------------------------------|----------------------|----------------------|
| Unsecured, considered good         | 11,517,933           | -                    |
| Doubtful                           | -                    | -                    |
| Less: Allowance for doubtful debts | -                    | -                    |
|                                    | 11,517,933           | -                    |

6 Financial Assets : Cash and bank balances

| Particulars                                                    | As at March 31, 2018 | As at March 31, 2017 |
|----------------------------------------------------------------|----------------------|----------------------|
| Cash and cash equivalents                                      |                      |                      |
| Balances with Banks :                                          |                      |                      |
| On current account                                             | 7,663,112            | 7,877,475            |
| Deposits with original maturity of less than three months *    | -                    | 16,400,000           |
| Deposits with original maturity of greater than three months * | 1,710,000            | -                    |
|                                                                | 9,373,112            | 24,277,475           |

\* Marked lien against duty saved on import of capital goods



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7 Others

| Particulars         | As at March 31, 2018 | As at March 31, 2017 |
|---------------------|----------------------|----------------------|
| Interest receivable | 3,185                | 129,918              |
|                     | <u>3,185</u>         | <u>129,918</u>       |

8 Share capital

| Particulars                         | Nos               | Amount in INR      |
|-------------------------------------|-------------------|--------------------|
| Authorised Share Capital            |                   |                    |
| Equity shares :                     |                   |                    |
| At 31 March 2017                    | 7,650,000         | 76,500,000         |
| Increase/(decrease) during the year | 5,350,000         | 53,500,000         |
| At 31 March 2018                    | <u>13,000,000</u> | <u>130,000,000</u> |

(a) Issued equity capital

Share application money (Pending allotment)

|                         |                  |                   |
|-------------------------|------------------|-------------------|
| At 31 March 2017        | 6,874,797        | 68,747,970        |
| Changes during the year | 2,602,783        | 26,027,830        |
| At 31 March 2018        | <u>9,477,580</u> | <u>94,775,800</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 March 31, 2018 | As at March 31, 2017 |
|---------------------------------------------------------------------------------|----------------------|----------------------|
| Punj Lloyd Industries Limited, the holding company                              |                      |                      |
| 48,33,150 (Previous Year 35,06,150) equity shares of Rs. 10 each fully paid up. | 48,331,500           | 8,625,000            |

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

| Name of Shareholder                    | As at March 31, 2018 |              | As at March 31, 2017 |              |
|----------------------------------------|----------------------|--------------|----------------------|--------------|
|                                        | Nos.                 | % of holding | Nos.                 | % of holding |
| Punj Lloyd Industries Limited          | 4,833,150            | 51.00%       | 3,506,150            | 51.00%       |
| Israel Weapon Industries (IWI) limited | 4,644,430            | 49.00%       | 3,368,647            | 49.00%       |

(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.



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9 Other Equity

| Particulars                                           | As at March 31, 2018 | As at March 31, 2017 |
|-------------------------------------------------------|----------------------|----------------------|
| Surplus/(Deficit) in the statement of profit and loss |                      |                      |
| Balance as per last financial statement               | (584,398)            | (844,454)            |
| Profit for the year                                   | (9,095,194)          | 260,056              |
| Net deficit in the statement of profit and loss       | <u>(9,679,592)</u>   | <u>(584,398)</u>     |
| Other Comprehensive Income                            | -                    | -                    |
| Total reserve and surplus                             | <u>(9,679,592)</u>   | <u>(584,398)</u>     |

10 Non Financial Liability : Provisions

| Particulars                        | Long term            |                      | Short term           |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Provision for retirement benefits  |                      |                      | 74,066               |                      |
| Provision for compensated benefits |                      |                      | 100,166              |                      |
|                                    | -                    | -                    | <u>174,232</u>       | -                    |

11 Other Liabilities

| Particulars | Non-current          |                      | Current              |                      |
|-------------|----------------------|----------------------|----------------------|----------------------|
|             | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| TDS Payable |                      |                      | 236,919              |                      |
|             | -                    | -                    | <u>236,919</u>       | -                    |

12 Financial Liability : Other payable

| Particulars                         | As at March 31, 2018 | As at March 31, 2017 |
|-------------------------------------|----------------------|----------------------|
| Payable to ultimate holding company | 3,757,007            | -                    |
| Salary and PF payables              | 725,219              | -                    |
|                                     | <u>4,482,226</u>     | <u>-</u>             |

13 Finance Income

| Particulars                      | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|----------------------------------|---------------------------|---------------------------|
| Interest income on bank deposits | 806,536                   | 729,359                   |
| Exchange Difference              | -                         | -                         |
|                                  | <u>806,536</u>            | <u>729,359</u>            |



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14 Employee Benefit Expense

| Particulars                               | Year Ended March 31,<br>2018 | Year Ended March 31,<br>2017 |
|-------------------------------------------|------------------------------|------------------------------|
| Salaries, wages and bonus                 | 4,788,467                    | -                            |
| Contribution to provident and other funds | 235,474                      | -                            |
| Retirement benefits                       | 74,066                       | -                            |
| Staff welfare expense                     | 105,477                      | -                            |
|                                           | <u>5,203,484</u>             | <u>-</u>                     |

15 Other expenses

| Particulars                          | Year Ended March 31,<br>2018 | Year Ended March 31,<br>2017 |
|--------------------------------------|------------------------------|------------------------------|
| Rent Expenses                        | 6,335,742                    | -                            |
| Repair and maintenance               |                              |                              |
| Building                             | 39,500                       | -                            |
| Plant and equipments                 | 3,000                        | -                            |
| Others                               | 3,616                        | -                            |
| Factory & Site Expense               | 1,490,687                    | -                            |
| Freight and forwarding charges       | 385,445                      | -                            |
| Business promotion                   | 1,910,633                    | -                            |
| Hire charges                         | 181,362                      | -                            |
| Payment to auditors (refer below)    | 25,000                       | 6,900                        |
| Bank charges                         | 64,338                       | 76,357                       |
| Consultancy and professional Charges | 24,600                       | 24,528                       |
| Travelling and Conveyance expenses   | 641,570                      | 377                          |
| Rates and taxes                      | 767,168                      | 198,189                      |
| Other office expenses                | 236,232                      | 45,955                       |
|                                      | <u>12,108,894</u>            | <u>352,306</u>               |
| Payment to auditors                  |                              |                              |
| As auditors :                        |                              |                              |
| Audit fee                            | 25,000                       | 6,900                        |
| Certification/other matters          | -                            | -                            |
| Reimbursement of expenses            | -                            | -                            |
|                                      | <u>25,000</u>                | <u>6,900</u>                 |

16 Earnings per share

|                                                                            | Year Ended March 31,<br>2018 | Year Ended March 31,<br>2017 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Basic and diluted earnings</b>                                          |                              |                              |
| a. Calculation of weighted average number of equity shares of Rs. 100 each |                              |                              |
| Number of equity shares at the beginning of the year                       | 6,874,797                    | 1,685,135                    |
| Equity shares at the end of the year                                       | 9,477,580                    | 6,874,797                    |
| Weighted average number of equity shares outstanding during the year       | 8,222,539                    | 3,249,408                    |
| b. Net profit after tax available for equity share holders (Rs.)           | (9,095,194)                  | 260,056                      |
| c. Basic and diluted earnings per share                                    | (1.11)                       | 0.08                         |
| d. Nominal value of share (Rs.)                                            | 10                           | 10                           |



#### 17 Segment Reporting

##### Business Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Company has identified the business segment as one reportable segment, i.e. manufacturing of small arms and its components.

The Company's is generating all of its revenues from one country i.e. Israel. hence further breakup of revenues from different countries is not applicable.

#### 18 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.

#### 19 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, 2018 the Company does not have any bank borrowing at floating interest rate.

#### 20 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.



Punj Lloyd Raksha Systems Private Limited  
Standalone Notes to the Financial Statements for the year ended March 31, 2018  
(All amounts in INR, unless otherwise stated )

|                                | Mar-18             | Mar-17              |
|--------------------------------|--------------------|---------------------|
| Trade payables                 | 6,702,742          | 31,102              |
| Less:                          |                    |                     |
| Cash and cash equivalents      | (9,373,112)        | (24,277,475)        |
| <b>Net Debts</b>               | <b>(2,670,369)</b> | <b>(24,246,373)</b> |
| Equity                         | 85,096,208         | 68,163,572          |
| <b>Capital &amp; net debts</b> | <b>82,425,839</b>  | <b>43,917,199</b>   |
| <b>Gearing Ratio</b>           | <b>0%</b>          | <b>0%</b>           |

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 just commenced, the gearing ratio with previous year is not comparable.

- 21 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, 2018 to Micro and Small Enterprise that are reportable as per Micro, Small and Medium Enterprise Development Act, 2006 .
- 22 In accordance with the requirement of In 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. Rahul Kaphai - Director (w.e.f 09-04-2018) |
|                          | : Mr. Shlomo Sabag - Director (w.e.f 09-04-2018) |
|                          | : Mr. Mark Shachar - Director (Upto 19-03-2018)  |
|                          | : Mr. Sukhi Haim Schwartz - Director             |

Amount due to ultimate holding company M/s Punj Lloyd Limited Rs. 37,57,007/- (previous year Rs. Nil)  
Transaction with Related party Rent expenses 62,56,488/-

- 23 **Contingent liabilities not provided for**  
Custom duty saved on import of total Capital goods under EPCG Scheme is Rs 11,154,179. Total export obligation outstanding under the EPCG Scheme was Rs.55,634,407/-.
- 24 **Recent accounting standards (Ind AS)**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.



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Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

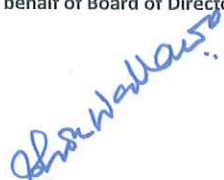
Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)- The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

For Srivastava Kumar & Co.  
Chartered Accountants  
FRN : 011204N

  
Anil Kumar Sharma  
(Partner)  
M. No. 097850  
Place : Gurgaon  
Dated : 05-May-2018

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

