

Alembic Defence Systems Limited

Financial Statement 2016-17

INDEPENDENT AUDITORS' REPORT

To the Members of Alembic Defence Systems Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Alembic Defence Systems Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



K C Mehta & Co.

Chartered Accountants

- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note No.10 to the financial statements.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No. 106237W



Vishal P. Doshi
Partner
Membership No. 101533
Place: Vadodara
Date: 10th May, 2017



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The annexure referred to in our Independent Auditor's Report to the members of **Alembic Defence Systems Limited** ("the Company") for the year ended 31st March, 2017, we report that:

- i. The Company does not have any fixed assets and therefore, reporting under clause (i) of the Order is not applicable to the Company.
- ii. The Company does not have any inventory and therefore, reporting under clause (ii) of the Order is not applicable to the Company.
- iii. In our opinion and 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 Companies Act, 2013 and therefore, reporting under clause (iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, no investment is made or loan or guarantee or security is given as per provision of section 185 and 186 of the Act and therefore, reporting under clause (iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder and therefore, reporting under clause (v) of the Order is not applicable to the Company.
- vi. The maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013, is not applicable in view of rule 3 of the Companies (Cost Records and Audit) Amendment Rules, 2014.
- vii. (a) In our opinion and according to the information and explanations given to us, the Company has been regular in depositing with appropriate authorities undisputed statutory dues, including income-tax and any other statutory dues applicable to it. Further, no undisputed amounts payable in respect of income tax and other statutory dues were in arrears, as at 31st March 2017 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no disputed dues in respect of sales tax, service tax, wealth tax, duty of excise, value added tax and cess which have not been deposited.
- viii. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues/loans in respect of financial institution, bank, government or debenture holders during the year and therefore, reporting under clause (viii) of the Order is not applicable to the Company.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer or did not have any



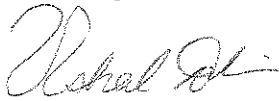
K C Mehta & Co.

Chartered Accountants

term loans outstanding during the year and therefore, reporting under clause (ix) of the Order is not applicable to the Company.

- x. In our opinion and according to the information and explanations given to us, no material 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. In our opinion and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration and hence, reporting under clause (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and therefore, reporting under clause (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanation given to us, the Company has not entered into any transactions with related parties in terms of section 177 and 188 of the Act. Accordingly, reporting under clause (xiii) of the Order is not applicable to the Company.
- xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore, reporting under clause (xiv) of the Order, is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with directors and therefore, reporting under clause (xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No. 106237W



Vishal P. Doshi
Partner
Membership No. 101533
Place: Vadodara
Date: 10th May, 2017



ANNEXURE B TO THE INDEPENDENT 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 **Alembic Defence Systems Limited** ("the Company") as of March 31, 2017 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has in all material respect, an adequate internal financial control system over financial reporting and such internal financial control 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 essential components of Internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No. 106237W



Vishal P. Doshi
Partner
Membership No. 101533
Place: Vadodara
Date: 10th May, 2017



Alembic Defence Systems Limited

Balance Sheet as at 31st March, 2017

Amount in Rs

Particulars	Note No	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A	500,000	500,000
(b) Reserves and Surplus	B	(48,598)	(50,967)
(2) Current Liabilities			
(a) Trade Payable	C	-	-
(A) Due to Micro and Small Enterprises		9,200	9,160
(B) Due to other than Micro and Small Enterprises		11,500	11,450
(b) Other current liabilities	D		
Total		472,102	469,643
II. Assets			
(1) Current assets			
(a) Cash and cash equivalents	E	470,010	466,939
(b) Short-term loans and advances	F	2,092	2,704
Total		472,102	469,643
Significant accounting policies and notes to the Accounts	I		

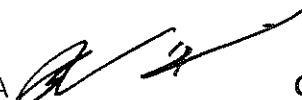
As per our report of even date attached
For K. C. Mehta & Co.
Chartered Accountants

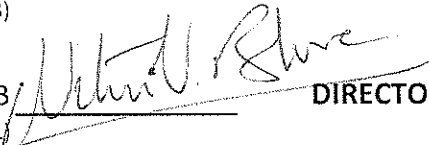



Vishal P. Doshi
Partner
Membership No. 101533
Vadodara
Date: 10-May-2017



For and on behalf of Board

SCA  CHAIRMAN
(Din No 00245523)

NVB  DIRECTOR
(Din No 00516421)

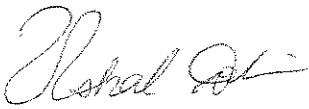
NM  DIRECTOR
(Din No 06571209)
Vadodara
Date: 10-May-2017

Alembic Defence Systems Limited

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

Particulars	Note No	Amount in Rs	
		For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
I. Other Income	G	26,979	37,070
Total Revenue		26,979	37,070
II Expenses:			
Other expenses	H	24,026	31,909
Total Expenses		24,026	31,909
III. Profit before tax		2,953	5,161
IV Tax expense:			
Current tax		600	1,000
Short / (Excess) Provision for Tax in respect of earlier years		-16	-361
V Profit for the year (III-IV)		2,369	4,522
VI Earning per equity share: (Face Value: Rs 10/- each)			
(1) Basic & Diluted		0.05	0.09
Significant accounting policies and notes to the accounts	I		


As per our report of even date attached
For K. C. Mehta & Co.
Chartered Accountants




Vishal P. Doshi
Partner
Membership No. 101533
Vadodara
Date: 10-May-2017



For and on behalf of Board

SCA 
(Din No 00245523) **CHAIRMAN**

NVB 
(Din No 00516421) **DIRECTOR**

NM 
(Din No 06571209) **DIRECTOR**

Vadodara
Date: 10-May-2017

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March, 2017

Particulars	Amount in Rs	
	For the year ended on 31.03.2017	For the year ended on 31.03.2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax from continuing operations	2,953	5,161
Non-Cash adjustment to reconcile profit before tax to net cash flows		
Adjustment for:		
Interest received	(26,979)	(37,070)
Operating profit before changes in working capital	(24,026)	(31,909)
Movements in working capital Changes		
Increases\((decrease) in Trade Payables and Other Payables	90	4,655
Increases\((decrease) in loans & advances	-	-
net Cash flow from (used in)operations	(23,936)	(27,254)
Direct Taxes Paid (Net of Refunds)	28	(1,660)
NET CASH INFLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	(23,908)	(28,914)
B CASH FLOW FROM INVESTING ACTIVITIES :		
Interest received	26,979	(37,070)
NET CASH UTILISED IN INVESTING ACTIVITIES (B)	26,979	(37,070)
C CASH FLOW FROM FINANCIAL ACTIVITIES:		
NET CASH FLOW FROM / (USED IN)IN FINANCIAL ACTIVITIES (C)	-	-
Net increase in Cash & Cash equivalents	3,071	8,156
Cash & Cash equivalents as at the beginning of the year	466,939	458,783
Cash & Cash equivalents as at the year end	470,010	466,939

Notes:


1 Cash and Cash equivalents comprise:		
Cash in hand	-	-
Balance with Scheduled and Other banks	470,010	466,939
Cash & Cash equivalents as at the year end	470,010	466,939
2 Previous year figures have been regrouped wherever necessary.		

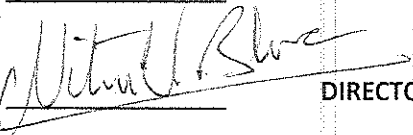
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For K. C. Mehta & Co.
Chartered Accountants

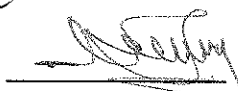

Vishal P. Doshi
Partner
Membership No. 101533
Vadodara
Date: 10-May-2017



For and on behalf of the Board

SCA 
(Din No 00245523) **CHAIRMAN**

NVB 
(Din No 00516421) **DIRECTOR**

NM 
(Din No 06571209) **DIRECTOR**

Vadodara
Date: 10-May-2017

Notes to Financial Statements

A. Share Capital :

(a) Share capital consists of the following:

Authorised

50,000 Equity shares of Rs.10/- each

	Amount in Rs
	As at 31st March, 2017

500,000

500,000

Issued, subscribed and fully paid :

50,000 Equity shares of Rs.10/- each

500,000

500,000

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

	<u>31st March 2017</u>		<u>31st March 2016</u>	
	<u>Numbers</u>	<u>Amount in Rs.</u>	<u>Numbers</u>	<u>Amount in Rs.</u>
At the beginning of the period	50,000	500,000	50,000	500,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

(c) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital :

Equity Share Capital

The company is having only one class of Equity shares i.e Ordinary Equity carrying a nominal value of Rs. 10/- per share.

Every holder of the equity share of the Company is entitled to one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The declaration of dividend, if any on the equity shares shall be in Indian Rupees. Dividend, if any, would be proposed by the Board of Directors subject to approval of the shareholders at the ensuing Annual General Meeting.

(d) Shares held by holding company are as under:

Particulars	<u>31st March 2017</u>		<u>31st March 2016</u>	
	<u>Numbers</u>	<u>% held</u>	<u>Numbers</u>	<u>% held</u>
Holding Company				
Shreno Limited	50,000	100.00%	50,000	100.00%

(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held:

Equity Share Capital

	<u>31st March 2017</u>		<u>31st March 2016</u>	
	<u>Numbers</u>	<u>% held</u>	<u>Numbers</u>	<u>% held</u>
Shreno Limited	50,000	100.00%	50,000	100.00%



Alembic Defence Systems Limited

Notes to Financial Statements

B. Reserves and Surplus

(a) Surplus / (deficit) in the Statement of Profit and Loss

	As at 31st March, 2017	Amount in Rs As at 31st March, 2016
Balance as per last financial statements	(50,967)	(55,489)
Profit for the year	2,369	4,522
Net Surplus in the Statement of Profit and Loss	<u>(48,598)</u>	<u>(50,967)</u>
Total	<u>(48,598)</u>	<u>(50,967)</u>

C. Other current liabilities

Trade Payable		
(A) Due to Micro and Small Enterprises	-	-
(B) Due to other than Micro and Small Enterprises	9,200	9,160.00
	<u>9,200</u>	<u>9,160.00</u>

D. Other current liabilities

Other payables		
Expenses Payable	11,500	11,450
	<u>11,500</u>	<u>11,450</u>

E. Cash and Cash equivalents

Cash and cash equivalents consists of :

Balance with bank in		
Current Account	70,010	66,939
Deposit Account	400,000	400,000
	<u>470,010</u>	<u>466,939</u>

F. Short-term loans and advances

(Unsecured, considered good)

Advance Income Tax (Net of Provision)	2,092	2,704
	<u>2,092</u>	<u>2,704</u>



Alembic Defence Systems Limited

Notes to Financial Statements

G. Other Income :

Interest
Interest on Income Tax Refund

Amount in Rs
For the Year
ended on 31st
March, 2017

Amount in Rs
For the Year
ended on 31st
March, 2016

26,919	37,000
60	70
26,979	37,070

H. Other Expenses

Rates & Taxes
Professional Fees
Bank Charges
- Audit fees
Stationery Postage Subscription
Legal Professionals

1,200	4,700
9,200	15,145
63	110
11,550	11,614
-	340
2,013	-
24,026	31,909



Alembic Defence Systems Limited

NOTE NO –I

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India. The applicable mandatory Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 (as amended) of India have been followed in preparation of these financial statements.

2. Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from estimates. Differences between the actual results and the estimates are recognised in the period in which the same are known/materialised.

3. Revenue recognition:

Interest Income:

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

4. Taxes on Income:

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961. Deferred tax assets and liabilities are recognized on timing differences, being the differences between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognised only if there is reasonable certainty that they will be realised in the future. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Deferred Tax assets are reviewed at each balance sheet date for their reliability.



However, following the concept of the prudence, the management does not recognise the Mat Credit entitlement.

7. Based on the information available with management, the Company does not owe dues under Micro, Small and Medium Enterprises Development Act, 2006.
8. The value of realisation of Assets in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
9. Additional Information pursuant to Provision of Paragraph 5 of Part II of Schedule III to the Companies Act, 2013 has been furnished to the extent applicable in view of the nature of business of the Company.
10. Disclosure required for Specified Bank Notes (SBN) is as follows:-

Particulars	In Rs		
	Specified Bank Notes	Other Denomination	Total
Closing Cash in hand as on 8th November, 2016	-	-	-
Add: Permitted Receipts (Receipt)	-	-	-
Less: Permitted Payments (Expenses)	-	-	-
Less: Amount Deposited in Banks	-	-	-
Closing Cash in hand as on 30th December, 2016	-	-	-

11. Figures of the previous year have been regrouped, rearranged and reclassified wherever necessary.

For K. C. Mehta & Co.
Chartered Accountants



Vishal P. Doshi
Partner
Membership No. 101533
Place: Vadodara
Date: 10-05-2017



For and on behalf of the Board

SCA  Chairman

(Din No 00245523)

NVB  Director

(Din No 00516421)

NM  Director

(Din No 06571209)

Place: Vadodara
Date: 10-05-2017