

RELIANCE

Defence and Engineering

Annual Report 2015-16



Padma Vibhushan
Shri Dhirubhai H. Ambani
(28th December, 1932 – 6th July, 2002)
Reliance Group – Founder and Visionary

Profile

Reliance Defence and Engineering Limited (RDEL) (formerly Pipavav Defence and Offshore Engineering Company Limited) has the largest engineering infrastructure in India and is one of the largest in the world. RDEL is the first private sector company in India to obtain the licence and contract to build warships.

RDEL operates India's largest integrated shipbuilding facility with 662M x 65M Dry dock. The facility houses the only modular shipbuilding facility with a capacity to build fully fabricated and outfitted blocks. The fabrication facility is spread over 2.1 million sq.ft. The Shipyard has a pre-erection berth of 980 meters length and 40 meters width, and two Goliath Cranes with combined lifting capacity of 1200 tonnes, besides outfitting berths length of 780 meters.

Mission

- Meet and exceed customer expectations with a collaborative approach
- Consistently enhance competitiveness and deliver profitable growth
- Adopt global best practices and create a culture of quality to be the Industry leader
- Achieve excellence in project execution in maritime domain ensuring quality, reliability, safety and operational efficiency
- Relentlessly pursuing new opportunities and technologies
- Encourage ideas, talent and value systems
- Promote a work culture that fosters learning, individual growth and team building
- Practice high standards of corporate governance and be a financially sound organization
- Earn the trust and confidence of stakeholders, exceeding their expectations
- Be a partner in nation building and contribute towards the country's economic growth

Reliance Defence and Engineering Limited

Board of Directors	Contents	Page No.
Shri Anil Dhirubhai Ambani Chairman	Letter to Shareowners	05
Shri Amitabh Jhunjhunwala	Notice of Annual General Meeting.....	07
Vice Admiral (Retd.) H S Malhi	Directors' Report	09
Shri Nikhil Gandhi	Management Discussion and Analysis.....	25
Shri Bhavesh Gandhi	Corporate Governance Report.....	29
Shri Ajai Vikram Singh	Auditors' Certificate on Corporate Governance	44
Ms Comal Ramachandran Gayathri	Investor Information	45
Shri Ajay Sharma	Independent Auditors' Report on the Financial Statement.....	51
Ms Padmaja Bhaskaran	Balance Sheet	56
Air Chief Marshal (Retd.) Fali Horni Major	Statement of Profit and Loss.....	57
Lt. Gen. (Retd.) Syed Ata Hasnain	Statement of Changes in Equity	58
Shri Rahul Sarin	Cash Flow Statement	59
Shri Rajendra Chitale	Notes to Financial Statement.....	60
Ms Ryna Karani	Independent Auditors' Report on the Consolidated Financial Statement.....	97
	Consolidated Balance Sheet	100
	Consolidated Statement of Profit and Loss	101
	Consolidated Statement of Changes in Equity	102
	Consolidated Cash Flow Statement.....	103
	Notes to Consolidated Financial Statement	104
	Statement containing salient features of the financial statement of Subsidiaries/ Associates/Joint Ventures	142
	Attendance Slip and Proxy Form	145
Corporate Counsel and Company Secretary		
Shri Ajit Dabholkar		
Auditors		
M/s. Pathak H D & Associates		
Registered Office & EOU		
Pipavav Port, Post Ucchaiya, Via-Rajula		
District Amreli 365 560, Gujarat		
Tel No. +91 2794 305000		
Fax no. +91 2794 305100		
E-mail: rdel.investors@relianceada.com		
Website: www.reliancedefence.co		
Registrar and Transfer Agent		
Karvy Computershare Private Limited		
Karvy Selenium Tower – B, Plot No. 31 & 32		
Survey No. 116/22, 115/24, 115/25		
Financial District, Nanakramguda		
Hyderabad 500 032		
Investor Helpdesk		
Toll free no (India) : 1800 4250 999		
Tel. no. : + 91 40 6716 1500		
Fax no. : + 91 40 6716 1791		
Email : einward.ris@karvy.com		

**19th Annual General Meeting on Saturday, August 20, 2016 at 2.00 P.M.
at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli 365 560 Gujarat**

This Annual Report can be accessed at www.reliancedefence.co.

Letter to Shareowners



My dear fellow Shareowners,

It gives me great pleasure to welcome each one of you to over 7.5 million strong family of Reliance Group shareholders.

The acquisition of Pipavav Defence and Offshore Engineering Company Limited ('PDOC') was successfully completed in January 2016. It is indeed my privilege to communicate with you and share the Reliance Vision so that we, with our strengths synergised, can take this company to new horizons of growth and success.

The change of name of PDOC to Reliance Defence and Engineering Limited is to signify that this company is an integral part of the Reliance Group, embodying its values and commitments and is able to leverage the brand equity and other resources of the Reliance Group. We are committed to the future growth of the Company as an important member of the Reliance family.

We shall strive to make Reliance Defence and Engineering Limited a world-class defence Company, benchmarked to international standards of quality, operational performance, efficiency and customer orientation, to meet the uncompromising standards that our Defence forces need, in line with the inspiring vision of the legendary founder Chairman of the Reliance Group, our beloved Padma Vibhushan Shri Dhirubai H Ambani.

Performance Review

The Company is India's leading private sector defence company with gross fixed assets of ₹ 6,157 crore. During the year under review, the Company reported aggregate revenue of about ₹ 346 crore and incurred a loss of ₹ 529 crore.

The Company's Corporate Debt Restructuring (CDR) package was approved by the CDR lenders. The Company is making all efforts to exit the CDR at the earliest, subject to all requisite approvals.

Industry and Business Opportunities

Under the "Make in India" mission, the strategic defence sector has been opened for private sector participation which will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business. Besides helping build domestic capabilities, this will bolster exports in the long term. Our Company is uniquely placed to tap these growth opportunities.

Shipyards controlled and/or managed by Defence Public Sector Units ('DPSUs') need complementary support from the Private Sector Shipyards to fulfill requirement of the Indian Navy. Apart

from the requirements of the Indian Armed forces, the defence market in South-East Asia is also likely to provide growth opportunities in the coming years. Considering Indian Navy's budgetary allocation for new vessels acquisition and export opportunities, total anticipated opportunity available from the defence industry over the next ten years, is over ₹ 200,000 crore.

In the non-defence sector, new commercial shipbuilding and the Hydro-carbon Exploration and Production ('E&P') Assets segment, both in India and in South-East Asia region, present another opportunity to our Company to expand its business. The Government of India has approved a new Shipbuilding Financial Assistance Policy for Indian shipyards. This will provide them a level playing field vis-à-vis foreign shipyards. Financial assistance at the rate 20 percentage of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, will be made available to Indian shipyards. All government departments or agencies are required to provide 'Right of First Refusal' to Indian shipyards for procurement or repair of vessels which are to be utilized for government purposes. This is a welcome news for Indian shipyards.

Having recognized that high technology, indigenous platforms and equipment are vital to sustain the capability of our Armed Forces, crucial to the Nation's security interests, the Government has adopted necessary policy changes to involve the private sector in all aspects of defence production. This is a substantive step towards making the "Make in India" mission meaningful. Defence Procurement Procedure - 2016 ('DPP-2016') has been tailored to provide level playing field to private sector domestic defence equipment manufacturers and DPSUs to inter alia ensure better utilisation of available modern warship building infrastructure in the country.

Currently, DPSU shipyards have orders worth ₹ 1,80,000 crore as compared to their annual production capacity of approximately ₹ 7,500 crore. This is affecting preparedness of the Armed forces. The government, having taken note of this mismatch has decided to optimally utilize the private sector capacity to augment and complement the DPSU capacity. The government has also cleared ₹ 50,000 crore plan for construction of six new conventional submarines under the project P75-I. It is reported that to enhance the Indian Navy's underwater capabilities, the government is also reviewing another project of six nuclear-powered submarines with an estimated capital outlay of ₹ 60,000 crore. It is expected that project P75-I will be awarded to the Indian private sector ship building companies capable of undertaking such high technology work.

Reliance Defence and Engineering Limited

Letter to Shareowners

Our Company is also expecting to sign contracts of approximate value of ₹ 920 crore for 14 Fast Patrol Vessels for the Indian Coast Guard, for which our Company has already been declared as the lowest bidder.

Our company has also submitted bids for other two marquee projects, viz. two Landing Platform Docks (LPDs) and eight Anti-submarine warfare shallow water crafts for the Indian Navy. The value of these two projects is approximately ₹ 18,000 crore.

Our Company is the only private sector company capable of dry-docking of INS Vikramaditya, the largest aircraft carrier of the Indian Navy.

The Indian Navy has planned to acquire a new generation aircraft carrier of 65,000 tons ('IAC-2 Vishal') which will be 1.5 times larger than INS Vikramaditya. The Indian Navy is planning to have the most advanced technology for the proposed new generation aircraft carrier. With the largest dry dock in the country, our Company is uniquely positioned to build this new-generation aircraft carrier IAC-2 Vishal.

The Government of India and the Government of Russia are in dialogue to build four upgraded Talwar class frigates in India.

This 'Make in India' naval frigate order is likely to exceed ₹ 20,000 crore. The shipyards controlled by the Government of Russia have already short listed and qualified our Company's shipyard for this programme.

In addition to these big tickets strategic naval platforms, new projects of the Indian Navy including Survey Training Vessels, New Generation Missile Vessels, Multi Purpose Vessels are also expected during next few years.

The ageing Indian Naval / Coast Guard fleet offers many opportunities in the defence ship repairing segment, including an opportunity worth ₹ 1,900 crore of Medium Refit of SSK Submarines.

Huge capacity exists in the private sector Indian shipyards for construction of new vessels and for carrying out repairs and refits. This capacity may be utilised by DPSUs through joint ventures / partnerships to speed up delivery of vessels to the Indian Navy / Coast Guard in order to synergise private infrastructure and modern production processes with the technical capabilities of DPSUs. We are in consultation with the Indian Navy production and acquisition wing for achieving this objective. We are also pursuing mega-work share with DPSUs' shipyards so as to add capacity for timely delivery of vessels to Indian Navy / Coast Guard.

Our Company's shipyard at Pipavav, Gujarat, has integrated state-of-the-art production facilities. After acquisition of the Company, it has delivered on March 23, 2016 one Offshore Supply Vessel to Oil and Natural Gas Corporation Limited ('ONGC'), after successful completion of sea trials in a record time of two days. In addition, there has been a substantial increase in pace towards delivery of Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The vessels are being constructed in two batches of two to three vessels each to enable simultaneous deliveries. An incentive scheme for production teams has been implemented to meet the accelerated delivery schedules.

Our Company has won on competitive basis the refit work of two Indian Naval Ships INS Deepak and INS Savitri and the work on these vessels will commence from July 2016.

Reliance Naval Systems (RNS), a business vertical of Reliance Defence and Engineering Limited is poised to become a leading partner in India's key defence technologies by investing requisite resources in Research and Development (R&D) with the ultimate aim of becoming completely self reliant. RNS is a qualified vendor with Indian Navy for development of Combat Management Systems (CMS) in partnership with SAAB, Sweden. We are also targeting underwater systems through a proposed joint venture with Thales, France particularly for mine counter measure vessels ordered on Goa shipyard, a DPSU. The approximate value of this opportunity will be ₹ 18,000 crore. Development of Integrated Platform Management Systems (IPMS), Integrated Bridge Systems (IBS) and Simulators is being undertaken with Kongsberg Defence and Aerospace AS, Norway as a partner. We are in the process of tying up with Safran Engineering Services, France for electro-optical systems for Indian Coast Guard ships.

Rights Issue

In order to augment long term resources to enable the Company to participate in the exciting path of future growth, the Board of Directors has approved a Rights Issue of Equity Shares for an amount up to ₹ 1,200 crore.

Corporate Governance

We have adopted the "Reliance Group – Corporate Governance Policies and Code of Conduct" which has prescribed a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Our Commitments

We are committed to enhancing scale, competitiveness, efficiency and productivity of our businesses, benchmarked to global standards of excellence, which shall be a discipline to be pursued at all levels in our Company.

The interests of shareholders have always been our prime focus and in line with this, we have taken concrete steps for rapid transformation in operational and financial performance of the Company which will create value for our shareholders.

Our founder, the legendary Padma Vibhushan Shri Dhirubhai H Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision.

Thank you, shareowners, for your continued support in our pursuit of achieving positive transformation for our Company.



Anil Dhirubhai Ambani
Chairman

Notice

Notice is hereby given that the 19th Annual General Meeting of the members of **Reliance Defence and Engineering Limited** will be held on Saturday, August 20, 2016 at 2.00 P.M. at Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli 365 560 to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a) the audited standalone financial statement of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors' thereon, and;
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2016 and the reports of the Auditor's thereon.
2. To appoint Director in place of Shri Nikhil Gandhi (DIN: 00030560), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Bhavesh Gandhi (DIN: 00030623), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify appointment of Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 (the "Act") read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. Pathak H D & Associates, Chartered Accountants (Firm Registration No 107783W), as the Statutory Auditors of the Company to hold office until the conclusion of the 23rd Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board of Directors

Ajit Dabholkar
Corporate Counsel and Company Secretary

Notes:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
2. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company

carrying voting rights. However, a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the meeting.
4. Members/Proxies are requested to bring their duly filled in attendance slip sent herewith along with their copy of the annual report to the Meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered and Corporate Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the meeting.
8. The Company's Register of Members and Transfer Books will remain closed from Saturday August 13, 2016 to Saturday August 20, 2016 (both days inclusive) for the purpose of Annual General Meeting.
9. For security reasons, no gadgets, mobile phones, cameras, article / baggage shall be allowed at the venue of the AGM. If any such gadgets are brought by any Member, the same shall be deposited with the security personnel at the risk of such Member / attendee.
10. Members desiring any information relating to financial statements of the Company are requested to write to the Company Secretary of the Company at least seven working days before the date of the AGM to enable the Company to keep the information ready at the Meeting.
11. AGM notice is being sent to all members, whose name appear on the Register of Members/ List of beneficial owner as received from depositories as on July 15, 2016.
12. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
13. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.

Notice

14. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
- the change in the residential status on return to India for permanent settlement; and
 - the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
15. Re-appointment of Directors:
- At the ensuing Annual General Meeting, Shri Nikhil Gandhi and Shri Bhavesh Gandhi, Directors of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offer themselves for reappointment. The details pertaining to Shri Nikhil Gandhi and Shri Bhavesh Gandhi pursuant to the requirements of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) are furnished in the statements on Corporate Governance forming part of this Annual Report.
16. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
17. Members are requested to fill in and submit online the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancedefence.co to aid the Company in its constant endeavour to enhance the standards of service to investors.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agent.
19. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH13 duly filled in to Karvy Computershare Private Limited (Unit: Reliance Defence and Engineering Limited) Karvy Selenium, Tower-B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda, Hyderabad 500 032, Tel. : +91 40 6716 1500, Fax : +91 40 6716 1791, Toll Free no. (India): 1800 4250 999, Email: evoting@karvy.com. The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.
20. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.
21. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
22. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is offering e-voting facility to all Members of the Company through Notice dated May 14, 2016 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cutoff date i.e. August 13, 2016 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10.00 A.M. on August 17, 2016 to 5.00 P.M. on August 19, 2016. The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.
- The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting.
- The Board of Directors have appointed Ms. Amrita D.C. Nautiyal, Practicing Company Secretary as Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner. The Scrutinizer will submit her report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.reliancedefence.co and posted on the website of Karvy Computershare Private Limited.

By Order of the Board of Directors

Ajit Dabholkar
Corporate Counsel and Company Secretary

Registered Office:
Pipavav Port
Post Uchhaiya, Via-Rajula
Dist. Amreli 365 560
CIN: L35110GJ1997PLC033193
Website: www.reliancedefence.co

May 14, 2016

Directors' Report

Dear Shareowners,

Your Directors present the 19th Annual Report and the audited financial statements for the financial year ended March 31, 2016.

Financial Results

The financial performance of the Company, on standalone basis, for the year ended March 31, 2016 is summarised below:

Particulars	Financial year ended March 31, 2016 ₹ in Lakh	Financial year ended March 31, 2015 ₹ in Lakh
Total Income	34,595.49	86,207.91
(Loss) before depreciation	(58,931.78)	(35,071.74)
Depreciation	21,426.41	19,744.67
(Loss) before taxation	(80,358.19)	(54,816.41)
Tax expenses (Net) (including deferred tax and tax for earlier years)	(27,493.47)	(20,702.85)
Profit / (Loss) after taxation	(52,864.72)	(34,192.33)
Other Comprehensive Income	136.08	(78.77)
Add: Balance of profit / (loss) brought forward from previous year	(30,053.08)	4,139.25
Balance carried to Balance Sheet	(82,781.12)	(30,053.08)

Financial Performance

During the year under review, your Company earned an income of ₹ 34,595.49 lakh against ₹ 86,207.91 lakh in the previous year. The Company incurred a loss after tax of ₹ 52,864.72 Lakh for the year as compared to ₹ 34,192.33 lakh in the previous year.

The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company.

Dividend

The Board of Directors has not recommended any dividend on the equity shares of the Company for the year under review.

Business Operations

The Company has the largest engineering infrastructure in India and is one of the largest in the world. Reliance Defence and Engineering Limited ("RDEL") is the first private sector company in India to obtain the license and contract to build warships. The Company operates India's largest integrated shipbuilding facility with 662M x 65M Dry dock. The facility houses the only modular shipbuilding facility with a capacity to build fully fabricated and outfitted blocks in India.

Substantial Acquisition of Shares and Takeover of the Company

As reported earlier, Reliance Defence Systems Private Limited ("RDSPL") and Reliance Infrastructure Limited ("RInfra") entered into a Purchase Agreement dated March 4, 2015 (the "Purchase Agreement") with Founder Promoters of the Company and the Company for substantial acquisition of shares and takeover ('Takeover') of the Company.

The Takeover of the Company by Reliance Group was approved by the Competition Commission of India and the Gujarat Maritime Board. Consequently, Reliance Group had made and completed an open offer in terms of provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Under the said Open Offer, Reliance Group acquired 13,87,12,427 equity shares representing 18.84% equity share capital of the Company. Pursuant to the Purchase agreement, Reliance Group has to acquire 13,00,00,000 equity shares in the Company from the Founder Promoters. Out of which, Reliance Group had already acquired 8,13,90,598 equity shares from the Founder Promoters.

Consequently, on completion of the Takeover, Reliance Group acquired the control and management of the Company and became its sole promoter, in place of the Founder Promoters and the name of the Company was changed to Reliance Defence and Engineering Limited with effect from March 3, 2016.

Rights Issue

In order to augment long term resources, the Board of Directors of the Company subject to requisite permissions, sanctions and approvals, has approved Rights Issue of Equity Shares upto an amount of ₹ 1,200 crore.

Corporate Debt Restructuring

The Corporate Debt Restructuring ('CDR') package was approved for the Company by the CDR Lenders. Consequently, in March 2015, the Company had entered into a Master Restructuring Agreement with the CDR Lenders. Post Takeover of the Company by Reliance Group, the Company proposed to exit the CDR, subject to requisite permissions, sanctions and approvals. The Company is working closely with CDR Lenders to achieve this objective.

Directors' Report

Management Discussion and Analysis

The Management Discussion and Analysis for the year under review as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulation") is presented in a separate section forming part of this Annual Report.

Fixed Deposits

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Investments

Pursuant to Section 186 of the Act, details of the Investments made by the Company are provided in the standalone financial statements (Please refer to Note No. 7 to the standalone financial statements).

Subsidiary and Associate Companies

The financial performance of each of the subsidiaries and associate companies as per the Act is provided in the consolidated financial statements.

The Policy for determining material subsidiary company, as approved, may be accessed on the Company's website at the link: http://www.reliancedefence.co/corporate_governance.html.

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2016, based on the financial statements received from subsidiaries as approved by their respective Board of Directors, have been prepared in accordance with Accounting Standard (AS) – 21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates' and AS-27 on 'Financial Reporting of Interests in Joint Ventures', notified under the Act, read with the Accounting Standards Rules as applicable.

Directors

Pursuant to the Takeover of the Company by Reliance Group, Shri Anil D. Ambani was appointed as Director not liable to retire by rotation and Chairman of the Company with effect from January 18, 2016. Shri Amitabh Jhunjhunwala was appointed as Non-executive Director and Vice Admiral (Retd.) H S Malhi was appointed as Whole-time Director and Chief Executive Officer of the Company for a period of three years with effect from January 18, 2016.

During the year under review, Shri Rahul Sarin, Air Chief Marshal (Retd.) Fali Homi Major, Lt. Gen. (Retd.) Syed Ata Hasnain, Ms. Ryna Karani and Shri Rajendra Chitale, were appointed as Independent Directors for a term of Five years with effect from January 18, 2016 pursuant to the approval of Members of the Company through postal ballot.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria

of independence as prescribed under the Act and the Listing Regulations.

Shri Nikhil Gandhi resigned as Chairman of the Board and Shri Bhavesh Gandhi resigned as Vice Chairman and Whole-time Director with effect from January 18, 2016. However, Shri Nikhil Gandhi and Shri Bhavesh Gandhi continue to be Non-executive Directors of the Company. Shri R. M. Premkumar, Shri Samar Mohapatra, Shri Alexander John Joseph, Independent Directors resigned from the office with effect from January 18, 2016.

In terms of the provisions of the Act, Shri Nikhil Gandhi and Shri Bhavesh Gandhi, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. A brief resume of Shri Nikhil Gandhi and Shri Bhavesh Gandhi, nature of expertise in specific functional areas and names of the listed companies in which they holds directorship and/or membership/chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Regulation 36 (3) of the Listing Regulation is given in Corporate Governance Report forming part of this Annual Report.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at the link http://www.reliancedefence.co/corporate_governance.html.

Key Managerial Personnel

During the year under review, Shri Bhavesh Gandhi, Vice-Chairman and Whole-time Director, Shri Rajiv Shukla, Chief Executive Officer and Shri Praveen Mohnot, Chief Financial Officer, Key Managerial Personnel ("KMP") of the Company as per the provisions of Section 203 of the Act resigned from their respective offices as KMP. During the year under review, Shri Madan Pendse was appointed and resigned as KMP.

During the year under review, Vice Admiral (Retd.) H S Malhi, Whole-time Director and Chief Executive Officer, Shri Sridhar Krishnamurthy, Chief Financial Officer have been appointed as Key Managerial Personnel of the Company.

Evaluation of Directors, Board and Committees

The Company has devised a policy for performance evaluation of the individual director, Board and its Committee, which includes criteria for performance evaluation.

Pursuant to the applicable provisions of the Act and Regulation 17(10) and 25 of the Listing Regulations, the Board shall do an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees of the Board. The performance of the Board shall be evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of processes and information provided to the Board, etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.