



# PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

## Corporate & Registered Office :

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CIN # L29253MH2009PLC193352 | E-mail : business@parasdefence.com | Web : www.parasdefence.com

September 07, 2023

### **BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort, Mumbai - 400 001  
**Scrip Code: 543367**

### **National Stock Exchange of India Limited**

Exchange Plaza, Plot C/1, G Block,  
Bandra - Kurla Complex,  
Bandra - (East), Mumbai - 400 051  
**Trading Symbol: PARAS**

Dear Sir/Madam,

### **Sub: Notice of 14<sup>th</sup> Annual General Meeting of Paras Defence and Space Technologies Limited ("the Company") and Annual Report for Financial Year 2022-23**

This is further to our intimation dated September 04, 2023 wherein the Company had informed that the 14<sup>th</sup> Annual General Meeting ("AGM") of the Company is scheduled to be held on Friday, September 29, 2023 at 11:00 a.m. (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") in accordance with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

In terms of requirements of Regulation 34(1) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company for the Financial Year 2022-23 including Notice of 14<sup>th</sup> AGM, which is being sent through electronic mode to the Members of the Company.

The Notice of the AGM and Annual Report for Financial Year 2022-23 is also made available on the website of the Company at <https://www.parasdefence.com/financials/>.

We request you to kindly take the same on record.

Thanking You,

**For Paras Defence and Space Technologies Limited**

**Hemalkumar Hiranbhai Sagalia**

Company Secretary & Compliance Officer

**Encl.: as above**



**PARAS DEFENCE**  
& SPACE TECHNOLOGIES LIMITED



# Peeping into the Future of Technology



Annual Report  
2022-23

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To view this report online or download, please log on to

[www.parasdefence.com](http://www.parasdefence.com)

## Key highlights FY 2022-23

**₹222.43 Crores**  
**Revenue**

**▲ 22%**

**₹56.75 Crores**  
**EBITDA**

**▲ 9%**

**₹35.94 Crores**  
**PAT**

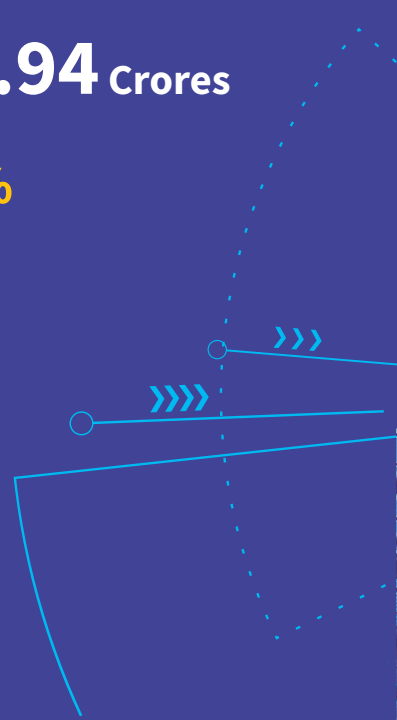
**▲ 33%**

**▲** Y-O-Y Growth

\*All figures pertain to consolidated financials

\*\* EBITDA - Earnings before interest, tax, depreciation, amortisation and other income

\*\*\*PAT - Profit after tax



# Fuelling growth by creating value

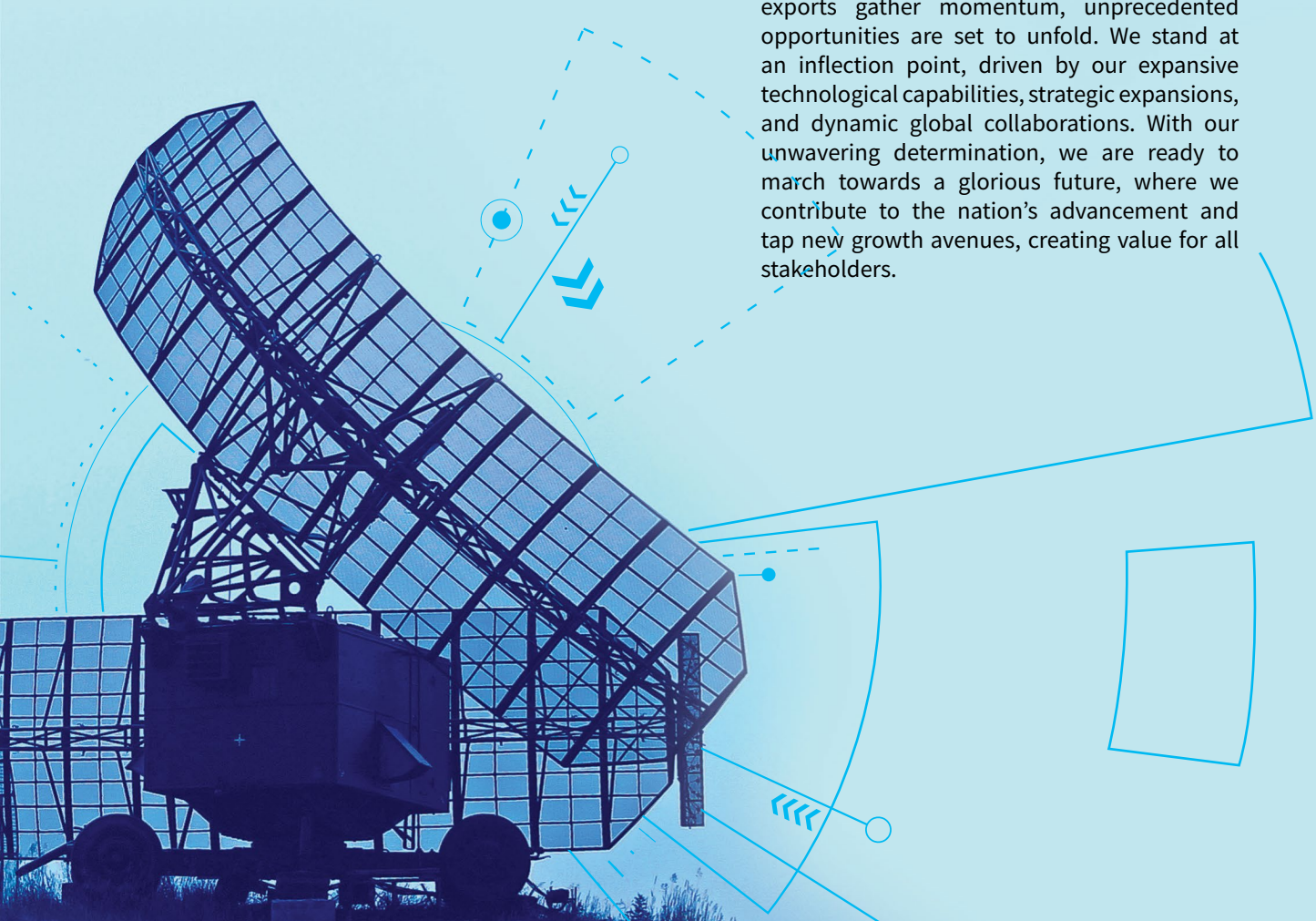
In an exceptional 40-year journey, Paras Defence & Space Technologies Limited has emerged as a key player in India's Defence and Space landscape. With a steadfast focus on Research and Development (R&D) excellence and cutting-edge manufacturing, we have ascended as a prominent contender with specialised technological prowess.

FY 2022-23 was a remarkable year, as we plunged deeper into futuristic technologies and expanded our footprint across critical sectors.

We successfully established ourselves as an exclusive Indian entity with competencies in the domains of Submarine Optronic Periscopes, Remotely Controlled Border Defence Systems, Hyperspectral Imaging Systems, and Electro-Magnetic Pulse (EMP) Protection Solutions. Parallely, we diversified to capture emerging opportunities in the rapidly growing drone and anti-drone markets. We also entered several new collaborations to target newer opportunities.

A pivotal focus was on consolidating our extensive technology know-how alongside leveraging technology transfers and collaborations with foreign Original Equipment Manufacturers (OEMs) to transition into a complete products and solutions provider. We are fuelling this transformative journey by initiating actions to establish integrated facilities for accommodating larger systems and systems with higher quantities. This coupled with our focus on nurturing our human resource capabilities, gives us the conviction of having in place the right mix and strategy for growth.

As the Make in India initiative and the government's emphasis on defence exports gather momentum, unprecedented opportunities are set to unfold. We stand at an inflection point, driven by our expansive technological capabilities, strategic expansions, and dynamic global collaborations. With our unwavering determination, we are ready to march towards a glorious future, where we contribute to the nation's advancement and tap new growth avenues, creating value for all stakeholders.





## About Paras Defence & Space Technologies Limited

# Leading indigenisation through technology development and innovation

### Profile

We are amongst the leading private sector enterprises operating within the Defence and Space segments, distinguished by our Indigenously Designed Developed and Manufactured (IDDM) capabilities.

For over four decades, we have been serving the diverse requirements of the industry operating across four segments of Defence & Space Optics, Defence Electronics, Electromagnetic Pulse Protection and Heavy Engineering. We hold the distinction of being the sole Indian supplier of vital imaging components for space applications, including large-size optics and diffractive gratings.

Today, our position as a world-class engineering company resonates across both the domestic and global markets. Our expertise is underpinned by world-class manufacturing facilities and resolute dedication to innovation and technology development. We continue to take big strides in R&D both independently and through strategic partnerships with global technological companies to strengthen competencies and global reputation.

### Vision

- To serve the defence, space & aerospace industry with value-added products and solutions.
- To excel in every aspect of our business with world-class quality products, scalable resources and diversified business areas.
- To be a dependable entity to all of our stakeholders and keep increasing value for them every year.

## Group Companies – Subsidiaries

### PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED



#### Paras Aerospace Private Limited

60% holding

Involved in drones, drone services and associated technologies



#### Paras Anti-Drone Technologies Private Limited

55% holding

Development of radio frequency and microwave systems and sub-systems to counter unmanned aerial vehicles



#### Opel Technologies Pte. Ltd.

100% holding

Providing solutions for efficient sourcing from across the world



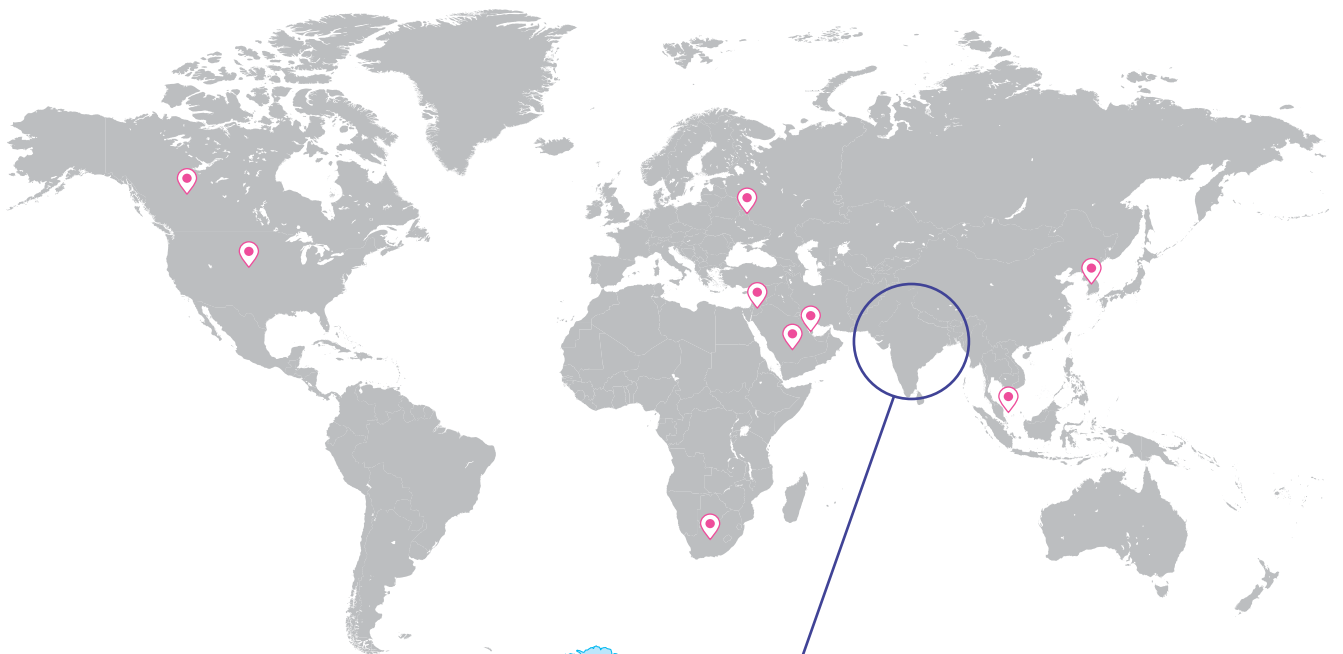
#### Ayatti Innovative Private Limited

58% holding

Manufacturing of structural metal products, especially for Railway coaches

<b>40+</b> Active projects	<b>425+</b> People	<b>40+</b> No. of products	<b>CRISIL A-/Stable</b> Long-term credit rating <b>CRISIL A2+</b> Short-term credit rating
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## Our geographical footprint



### MANUFACTURING

Navi Mumbai  
 Ambernath

### R&D

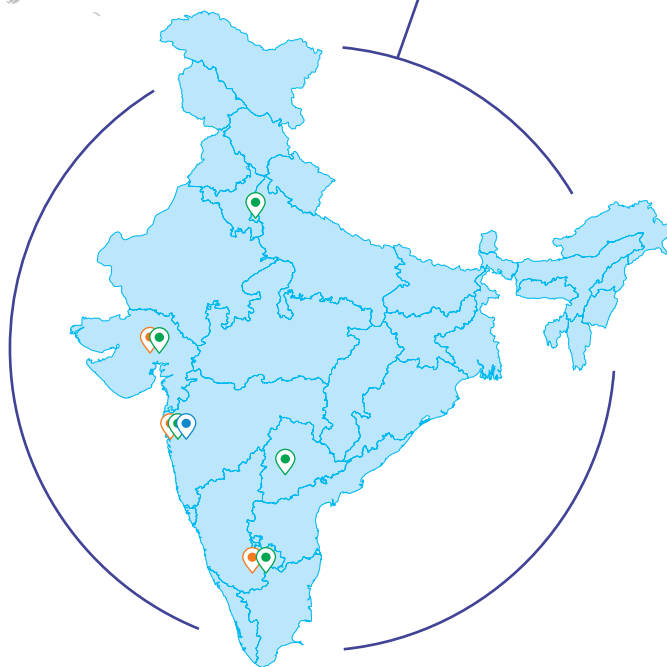
Navi Mumbai  
 Bengaluru  
 Ahmedabad

### AFTER SALES SUPPORT

Navi Mumbai  
 Ambernath  
 Bengaluru  
 New Delhi  
 Hyderabad

### EXPORT COUNTRIES

Israel	UAE
USA	Saudi Arabia
Europe	South Africa
South Korea	Canada
Singapore	



## Our Service Offerings

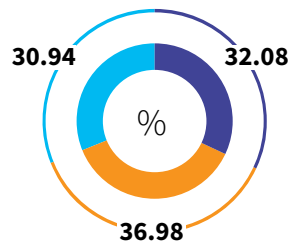
# Marching ahead with a diverse and comprehensive portfolio

We have a formidable expertise across the Command, Control, Communications, Computers Intelligence, Surveillance and Reconnaissance (C4ISR) segment, positioning us as a unique solution provider. Our extensive range of products and solutions positions us as a one-stop destination for a diverse customer base. This versatility empowers us to cater all needs of customers and seamlessly deliver turnkey solutions, setting us apart in the industry.

## Our business verticals

We operate across four technology-based verticals of Defence and Space Optics, Defence Electronics, Heavy Engineering for Defence and Electro-Magnetic Pulse (EMP) Protection Solutions. We offer a wide range of products and solutions for defence and space applications across these verticals.

## Business segment-wise FY 2022-23 operational revenue



**Defence and Space Optics**  
**₹71.36 Crores**

**Defence Electronics**  
**₹82.25 Crores**

**Heavy Engineering for Defence**  
**₹68.82 Crores**



## Defence and Space Optics

The vertical stands at the forefront of our business, involved in producing ultra-high precision optics tailored for cutting-edge defence and space applications such as thermal imaging and space imaging systems. We are one of the leading providers of optics for various Indian defence and space programmes.

Our portfolio in this segment includes:

### INFRARED LENSES

Our optical components serve as the cornerstone for thermal imaging cameras and night vision equipment used by border security officers and the armed forces across various electro-optic and infrared systems.

### DIFFRACTIVE GRATINGS

This is an optical component for hyperspectral cameras, essential for an array of space applications, including Earth observation, among many others.

### LARGE SIZE OPTICS

These are specialised large mirrors utilised in space telescopes. With diameters ranging from 0.5 to 1.2 metres, these optics perform diverse imaging tasks within Earth observation satellites.

### OPTICAL DOMES

These are the optical components integrated into missiles to ensure precise target acquisition.

### METAL MIRRORS

Built from aluminium or other comparable metals, these mirrors have a very high surface reflectivity, making them ideal for large-scale, long-range imaging devices like telescopes.

### GYROSCOPE COMPONENTS

These precisely-crafted gyroscope components have a direct impact on the device's positional accuracy. It enhances the accuracy of inertial navigation systems finding applications in avionics and space travel.

### OPTO-MECHANICAL ASSEMBLIES

These meticulously assembled configurations combine precision optics and mechanics to provide an array of optical lenses for use in defence and space applications.



## Defence Electronics

We offer a wide range of high-performance computing and electronic systems for defence applications, including sub-systems for missiles, tanks and naval applications. Our commitment to excellence is reflected in our products contributing to prestigious defence programmes, surpassing expectations, and redefining the capabilities of defence electronics.

Our comprehensive offerings include:

### RUGGED CONTROL SYSTEMS

Our pioneering ruggedised computing subsystems are engineered to automate mission-critical functions such as target tracking, fire control, and command control. These unparalleled creations can endure extreme climatic conditions while maintaining reliability.

### MOUNTED COMMAND AND CONTROL SYSTEMS

Bringing together advanced human-machine interfaces, these systems enable seamless command and control operations with multiple displays and advanced computing power. They find applications in radar data processing and fire control.

### RESILIENT DISPLAY SOLUTIONS

Our liquid crystal display (LCD) monitors redefine performance benchmarks, offering exceptional results even in challenging environmental conditions.

### RUGGED PANEL PERSONAL COMPUTERS

Having uncompromising performance, our high-end compact computers feature built-in displays for excelling in harsh environmental conditions.

### MILITARY-GRADE COMMUNICATION SYSTEMS

These ruggedised, commercially off-the-shelf communication subsystems are engineered for military-grade performance. They are fortified to excel in the most demanding conditions.

### RUGGED CONSOLES AND WIRED CABINETS

Tailored with precision to meet user requirements, our command-and-control systems seamlessly integrate into diverse operational contexts.

### NON-CONTACT PROXIMITY SENSOR

Navigating challenging underwater conditions including high pressure and salinity, our non-contact electro-mechanical proximity sensor technology ensures high accuracy.



## Heavy Engineering for Defence

Leveraging our engineering excellence, we specialise in manufacturing high-performance, precision mechanical systems for critical defence applications. We differentiate in our ability to provide customised and exclusive mechanical products.

Our diverse product range encompasses:

### FLOW-FORMED TUBES

These seamless metal tubes, manufactured through the cold-forming process, are essential mechanical components of rockets and missiles.

### VACUUM BRAZED COLD PLATES

Integral to active array radar systems, these cooling plates excel in dissipating heat generated by high-power electronics.

### REVOLUTIONARY REMOTELY CONTROLLED BORDER DEFENCE SYSTEM

A frontline surveillance and land defence system, it can detect threats. Upon a commander's intervention, it activates the weapon system to neutralise potential dangers and safeguard critical borders.

### TITANIUM STRUCTURES AND ASSEMBLIES

Harnessing the properties of titanium, these mechanical assemblies have multiple uses including transducer hardware for submarines and naval vessels.

### LARGE AND HEAVY DYNAMIC STRUCTURES

These resilient test rigs find application in multiple tasks, including simulating underwater conditions and testing transducer performance.

### INDIGENOUSLY DESIGNED FLOW-FORMING MACHINERY

Our indigenous flow-forming machines are used in creating motor tubes for aerospace and defence applications.

### RACKS, CABINETS, AND CONSOLES

Delivering uncompromising strength and utility, our heavy-duty mechanical racks, cabinets, and consoles are custom-designed to endure the demands of military and rugged scenarios.





# Electro-Magnetic Pulse (EMP) Protection Solutions

EMP is a major threat to current and future war scenarios, as one pulse can destroy electronic systems. We provide specialised turnkey solutions to safeguard against the threat of EMP. We are amongst the few having specialised technological capabilities and expect to be an integral stakeholder in various future requirements of defence and space optics and EMP protection solutions.

Our comprehensive offerings include:

## TURNKEY EMP SHIELDING

Our solutions stand as a robust defence against threats of electromagnetic pulses. We specialise in shielding critical spaces such as data centres, control rooms, and command centres.

## EMP RACKS AND CABINETS

We elevate protection with our certified racks and cabinets, engineered to provide unparalleled EMP resilience and also used for high-end strategic applications.

## HIGH PERFORMANCE EMP FILTERS

These filters, available in a diverse range protect data and power lines from interference and electromagnetic pulses inside a rack, shelter or room.

## SHIELDED DOORS

These custom-engineered doors ensure electromagnetic shielding between two isolated compartments. They are typically installed aboard military vessels and portable shelters.

## ENTRY POINT SHIELDING COMPONENTS

Our shielded point-of-entries are designed to counteract electromagnetic interference.



## Diversified and prestigious customer base




We offer a wide range of high-quality products and solutions supported by our end-to-end capabilities (designing, developing, manufacturing and testing) to meet specific customer needs and also provide quality after-sales services. These position us effectively to attract and retain customers, as evident in our diverse clientele including prestigious government arms and organisations involved in defence and space research, defence public sector undertakings and private entities (both India and globally).

### Our clientele

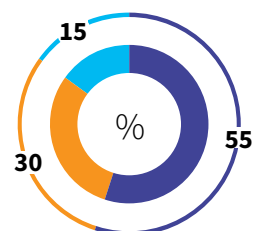
#### GOVERNMENT CUSTOMERS

 Indian Ordnance Factory	 Defence R&D Organisation	 Bharat Electronics	 ISRO	 Goa Shipyard Limited	 Mazagon Dock Limited
 Hindustan Shipyard Limited	 Garden Reach Shipyard & Engineers Ltd.	 Cochin Shipyard Limited	 BrahMos Aerospace Pvt. Ltd.	 Bharat Dynamics Ltd	 Department of Atomic Energy
 Electronics Corporation of India Ltd	 Sameer Passion for performance	 CSIR-National Aerospace Laboratories	 National Physical Laboratory of India	 Indian Institute of Astrophysics	 Hindustan Aeronautics Limited

#### PRIVATE CUSTOMERS

 Godrej	 Tata Power	 Larsen & Toubro	 Kirloskar Brothers Ltd.	 Tata Consultancy Services
 Alpha Design Technologies Pvt. Ltd.	 Astra Rafael Comsys Pvt. Ltd.	 Solar Industries India Ltd.	 Premier Explosives Limited	 Tonbo Imaging

Business segment-wise  
FY 2022-23 operational  
revenue



#### INTERNATIONAL CUSTOMERS

 Rafael Advanced Defence Systems Ltd.	 Israel Aerospace Industries	 Elbit Systems	 Controp
 Singapore Electronics	 Tae Young Optics Ltd.	 Chaban Group	



## Deep Dive into Technology

# Nurturing futuristic technologies, transitioning to a solutions powerhouse

Building upon our core competencies in systems, sub-systems and components, we have established a solid reputation in the defence and space industry. We are now leveraging this strong foundation to advance up the value chain into the realm of products and solutions. This strategic transition is poised to propel us into the next phase of our growth trajectory.

## Paras evolution into the future

### SYSTEMS, SUB-SYSTEMS AND COMPONENTS

Core strength that helped establish our foundation and reputation

### PRODUCTS AND SOLUTIONS

Strategic progression ahead that will fuel our growth; ensuring no conflict of business interest with existing and prospective partners

## CUTTING-EDGE PRODUCTS AND SOLUTIONS BY PARAS

### SUBMARINE OPTRONIC PERISCOPE

Only Indian private company in the whole Asia-Pacific region to build a Turnkey Optronic Periscope for submarine application



Submarine Optronic Periscope is amongst the most important naval technologies, functioning as the submarine's eye and playing a critical role in surveillance applications.

In a significant milestone, we successfully built an Optronic Periscope for Submarine application during FY 2022-23, becoming the only private company in the whole Asia-Pacific region with this capability. The achievement was realised following a technology transfer from the DRDO. It is a big step towards Atmanirbhar Bharat (Self-Reliant India) initiative in defence technologies and also serves as a testament to DRDO's commitment to collaborate with industries like us for complex technologies.

#### **OPPORTUNITY**

Looking ahead, there is a good projected requirement of Submarine Optronic Periscopes over the next 5-10 years for new platforms coupled with the need for refurbishment of older platforms and potential for exports. We are also in the process of developing three variants of the Periscope with a higher value in each. All these are expected to open a significant business potential for us in the near future.

## **SARAS MK-2**

### **Won contract to deliver complete Glass Cockpit/Avionic Suite and Auto Pilot for the first Indian multi-purpose civilian aircraft**

The Saras MK-2 Aircraft is the first Indian multi-purpose civilian aircraft (light transport category), designed by the Council of Scientific and Industrial Research (CSIR) - National Aerospace Laboratories (NAL).

In a breakthrough, we have won the contract to supply the complete glass cockpit/avionic suite of the aircraft by the CSIR-NAL. This includes all the equipment related to control, monitoring, communication, navigation,

weather and anti-collision systems along with the Auto-Pilot System.

#### **OPPORTUNITY**

We anticipate a huge requirement for this suite over the next few years. Besides, we also expect long-term business potential extending beyond the Saras MK-2 platform.

## **REMOTELY CONTROLLED BORDER DEFENCE SYSTEM**

### **Only Indian Company to successfully develop a complete functional remote controlled border defence system**

This is a high-precision surveillance and defence system suitable for borders, strategic locations and critical installations. We are the only Company to have successfully developed a complete functional system, having completed the firing trials in November 2022.

#### **OPPORTUNITY**

We anticipate a requirement of over 4,000 such systems over the next 5-10 years along with potential for exports.

## **HYPERSPECTRAL IMAGING SYSTEM**

### **Only Indian private company to design, develop and deliver Hyperspectral Imaging Opto-mechanical System and work on full camera for defence and space**

Hyperspectral imaging is the future of the imaging systems. We proudly stand as the only Indian private company to indigenously design, develop and deliver Hyperspectral Imaging Opto-mechanical System and work on full camera for space applications. This cutting-edge camera is required for almost all missions with Earth observation, interplanetary research and many other applications, making this a huge opportunity. We are currently working with two non-ISRO

missions for their hyperspectral payload development.

Leveraging this existing capability, we are developing a Hyperspectral imaging system for non-space applications such as defence, medical, agricultural, botanical, food safety, etc. Venturing into this space would ensure higher quantities and promising business potential.

## ELECTRO-MAGNETIC PULSE (EMP) PROTECTION SOLUTIONS

Only Indian company offering turnkey EMP protection solution

We are the only Indian company offering a turnkey EMP protection solution that has been completely designed and developed in-house. We also provide EMP racks and cabinets, high-performance EMP filters, shielded doors and entry point shielding components.

### OPPORTUNITY

EMP is the future of warfare and hence the protection requirements are set to grow exponentially in the years to come. Apart from defence and security, the solution finds application in areas of banking, IT, communications, etc.

## DRONE TECHNOLOGIES

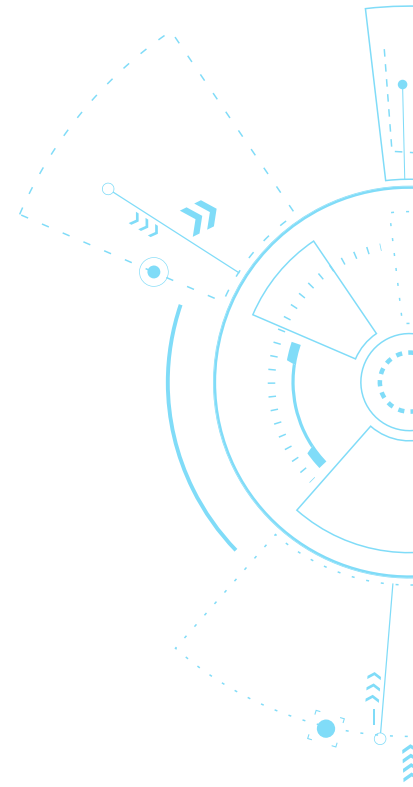
India's widest range of drone technologies and solutions

Drones are a mega opportunity globally. As per EY FICCI, the domestic drone manufacturing market in India is estimated to reach ₹ 1.77 Lakh Crores by 2030, led by indigenisation projects across defence, commercial, homeland security and counter UAV.

Our subsidiary, Paras Aerospace, is at the forefront of this futuristic technology, with established competencies in a wide range of drone technologies and solutions. It offers holistic solutions including drone manufacturing, management (perimeter surveillance, warehouse inspection, drone safety systems using patented parachute deployment system) and services (agriculture, industrial infrastructure, GIS and engineering and training).

### EXTENSIVE CAPABILITIES IN MANUFACTURING DRONE AIRCRAFTS

Paras Aerospace excels in manufacturing diverse drone platforms purpose-built for various applications. These drones have superior quality and are equipped with various payloads such as multi-spectral cameras, EO/IR cameras, AI cameras and Light Detection and Ranging Sensors (LIDARS).



### Our drone platforms

#### Military / Tactical Drones

Our drones are available in two configurations:

- (i) self-designed and developed,
- (ii) manufactured in collaboration with foreign OEMs

#### Industrial Drones

These are high-performance drones designed especially for industrial requirements

#### Agricultural Drones

These drones are completely designed, developed and manufactured by Paras Aerospace using in-house knowledge and capabilities.

#### Next-gen Drones

We can develop next-generation drone technology offering long endurance and high load-carrying capacity at high speeds.

## ANTI-DRONE TECHNOLOGIES

### Comprehensive anti-drone system providing 360° surveillance and protection against hostile drones

Anti-Drone technologies enable the detection of hostile/spurious drones and provide complete protection against them. These systems are built on radio frequency (RF) & microwave backbone. Our subsidiary, Paras Anti-Drone, has excellent capabilities in RF & microwave development, antenna design, SD radios and radar excitors which assist in surveillance and protection. This technology finds applications in critical infrastructure, border protection, mass events, VIP protection, maritime protection, military and security protection.

### A milestone achievement for Paras Anti-Drone

In a significant development, Paras Anti-Drone secured a contract from Europe's leading Anti-Drone Company for developing next-generation jammers in collaboration with CerbAir

## ADVANCING ELECTRO-OPTIC / INFRA-RED (EO/IR) FIELD WITH CONTROP JOINT VENTURE

Advancing our vision of implementing Make in India, we have entered into a joint venture agreement with CONTROP Precision Technologies Limited. CONTROP is an Israeli Electro-Optics company, specialising in EO/IR payloads for land, air and naval applications globally. The JV entity will focus on manufacturing, implementation/installation, Integrated Logistics Support (ILS) and after-sale support, training, and more in the EO/IR field domain aligned with the government's Make in India initiative.



## Message from the Chairman

# Achieving new milestones



I am extremely proud of our team whose commitment and passion for innovation led to several breakthroughs in developing world-class technologies.

Dear Shareholders,

The recent strides in our defence segment have been very inspiring, thanks to the user needs to be self-reliant for Defence Technologies and Government of India's support to this vision. The impetus on indigenisation in the defence sector has allowed companies like ours to exhibit competencies, thus contributing directly or indirectly to the national security. I am extremely proud of our team whose commitment and passion for innovation led to several breakthroughs in developing world-class technologies. Notable among these are Submarine Optronic Periscopes, Remotely Controlled Border Defence Systems, Hyperspectral Imaging Systems, and Electro-Magnetic Pulse (EMP) Protection Solutions. These are opening excellent business opportunities for now, and the future.

The journey thus far has been gratifying, and we now find ourselves at a pivotal juncture. Leveraging our competencies and technologies, we are transitioning from being component/subsystem providers to becoming a products and solutions company. Our focus remains aligning with the nation's priorities in the defence and space segments and creating value for all stakeholders in the process.

Our foray into the fast-growing segments of drone and anti-drone technologies through dedicated subsidiaries is expected to introduce new areas to look forward to for exponential growth. The initial progress and indicators of success instil confidence and conviction in the path chosen. The drone business achieved notable progress in product development, partnerships and successful customer trials. Similarly, the Anti-drone subsidiary is harnessing our core strengths in radio frequency and microwave technology, making impressive strides while building a team of experts.

As we look towards the future, our commitment to research and development assumes greater focus. The avenues of Make in India, Atmanirbhar Bharat, and Self-reliant in Space Technologies present us with boundless opportunities. With our competencies as our foundation, we are well-equipped to ascend to new heights, adding substantial value to all stakeholders and advancing the progress of our nation.

**AS WE LOOK TOWARDS THE FUTURE, OUR COMMITMENT TO RESEARCH AND DEVELOPMENT ASSUMES GREATER FOCUS. THE AVENUES OF MAKE IN INDIA, ATMANIRBHAR BHARAT, AND SELF-RELIANT IN SPACE TECHNOLOGIES PRESENT US WITH BOUNDLESS OPPORTUNITIES.**

My profound gratitude to every stakeholder for their continued support throughout this exceptional journey. I extend thanks to our customers for trusting in our competencies, the shareholders for their faith in us and the government for creating a favourable regulatory framework. A special note of appreciation to our dedicated team, whose commitment has helped our evolution into a leading Indigenously Designed Developed and Manufactured (IDDM) entity in India's defence and space sector. This exclusive positioning is a result of the culmination of decades of intellectual capital, strategic partnerships, and the dedication of the finest minds.

I once again thank you all for your guidance that has been instrumental in shaping our journey. Together, let us continue to chart a course of innovation, growth, and excellence.

Warm Regards,  
**Sharad Virji Shah**  
Chairman

## Message from the Managing Director

# A blueprint for a better tomorrow



With a deep-rooted domain understanding, a customer-centric approach, and agile business strategies, we are well positioned to grow sustainably for the long term.

Dear Shareholder,

I am immensely pleased to present your Company's Annual Report for FY 2022-23, and provide an overview of the achievements and strides made over the course of the year gone by. This has been an exceptional year for us, marked by success stories of our competencies, new collaborations and futuristic ventures into radical domains. We solidified our prowess in technology development, which culminated in strong order book and even stronger opportunity funnel.

### **A YEAR OF ALL-ROUND DEVELOPMENT**

The overall macroeconomic and market scenario for the year was positive in India. While most global economies were facing challenges, the Indian economy was buoyant with opportunities generated by strong domestic demand and high consumer sentiments. This helped mitigate the challenges of inflation and rising interest rates to some extent. The defence and space sector in India, fuelled by user demand and government initiatives, continued their upward trajectory to unleash immense opportunities.

Amidst this promising market conditions, we leveraged our capabilities and exhibited agility in responding to market demands, thereby delivering an exceptional performance. We concluded FY 2022-23 with a robust 22% growth in revenues to ₹ 222.43 Crores. The bottom-line performance was equally commendable, with EBITDA expanding by 9% to ₹ 56.75 Crores and Profit after Tax growing by 32.75% to ₹ 35.94 Crores. All our business verticals performed well. Optics vertical continued to lead with strong profitability, maintaining its position as a high-margin segment business for the Company.

We had healthy order booking during the year including several prestigious orders for complete products. This included a notable order from Instrument Research & Development Establishment (IRDE), DRDO for Optronic Submarine Periscope. Additionally, we were awarded an order for delivering the complete glass cockpit/avionic suite and auto pilot for the first Indian multi-purpose civilian aircraft, Saras MK-2. These strategic wins are facilitating our transition into a product-oriented company. Our total order book as of March 31, 2023, stands at a commendable ₹ 393 Crores. The ordering momentum continues to be strong and we expect sustainable growth in the following years.

We were granted an industrial licence to manufacture several products from the Department for Promotion of Industrial & Internal Trade, Ministry of Commerce & Industry. These include Red Dot Reflex Sights, Electronic Fuzes (excluding explosive content), Rugged COTS Systems and Networking and Communication solutions. This will open newer business avenues.

### STRENGTHENING BALANCE SHEET POSITION

With a vision to become debt-free and bolster our balance sheet position, we pre-paid all lenders' long-term borrowings. Given the improved financial standing and favourable outlook, CRISIL has upgraded our credit rating to CRISIL A-/Stable for long-term facilities and CRISIL A2+ for short-term facilities.

### ADVANCING TO THE FUTURE

Building upon our strong foundation, we channelised our efforts during the year towards investing in futuristic technologies to fortify our competitive edge and foster long-term growth. A major focal point was the shift from providing components/subsystems to manufacturing products and solutions. Forging new partnerships and collaborations with global companies to manufacture world-class technology in India will not only boost the business but also establish the Company

as a global manufacturing hub for defence technologies.

A joint venture was formed with CONTROP Precision Technologies Limited, Israel, a global specialist in Electro-Optics / Infrared (EO/IR) payloads for land, air and naval applications. The JV will initially address CONTROP's manufacturing requirements for the existing business in India aligned with the Make in India initiative and eventually scale up to export to their overseas customers.

We collaborated with Yantra India Limited, a GoI enterprise to jointly address the requirements of the Indian Defence Forces and export markets. Moreover, we continued our focus on cutting-edge technologies, including ElectroMagnetic Pulse (EMP) protection solutions, Drone technologies, and Radio Frequency (RF) and Microwave products (consolidating into anti-drone system). We have further entered into a technology transfer agreement with New Space India Limited for the Optical Imaging System developed by ISRO, opening prospects for addressing this opportunity in India and abroad.

Our subsidiaries are leading the developments in drone and anti-drone technologies. Our drone subsidiary achieved significant milestones in product development, partnerships, and successful customer trials. They clocked their first revenue in FY 2022-23 and are headed for better performance in the coming years.

The anti-drone subsidiary, is in its development phase and is building a team of RF/microwave experts. They are developing cutting-edge products such as next-generation jammers for a European customer and certain complex technologies for domestic customers.

### FINAL COMMENTS

Looking ahead, we recognise the vast opportunities within the defence and space segments and we are ready for the growth it

**BUILDING UPON OUR STRONG FOUNDATION, WE CHANNELISED OUR EFFORTS DURING THE YEAR TOWARDS INVESTING IN FUTURISTIC TECHNOLOGIES TO FORTIFY OUR COMPETITIVE EDGE AND FOSTER LONG-TERM GROWTH.**

brings to the business. Our strategic direction involves catering to the huge domestic opportunities and progressively scaling up the export business. We intend to evolve as a prominent systems and solutions provider in the areas of optics and optronic systems, electromagnetic pulse protection solutions, drones and anti-drone technologies. We also aim to explore synergistic technology domains and harness our established expertise to develop world-class products.

With a deep-rooted domain understanding, a customer-centric approach, and agile business strategies, we are well positioned to grow sustainably for the long term. The future is exciting and we seek the continual support of all the stakeholders in our journey of growth.

Warm Regards,  
**Munjal Sharad Shah**  
Managing Director

## Manufacturing Excellence

# Enabling indigenisation with unparalleled manufacturing capabilities

The nucleus of our operations are our state-of-the-art manufacturing facilities, embodying our commitment to excellence. These versatile facilities support the production of multiple high-quality and customised products, making us a distinguished manufacturer of subsystems and components. We are now making strategic investments in our resources to elevate our capabilities to progress towards accommodating larger systems and addressing the surging demand.

## Our manufacturing facilities



### CERTIFICATIONS



ISO 9001:2015  
AS 9100 by DQS  
ITAR

## ₹15 Crores

Capex in FY 2022-23 towards increased capacity with new plant and machinery and extension of facilities in one of our buildings

### NAVI MUMBAI

An advanced nanotechnology machining centre for producing high-quality optics and ultra-precision components. It covers the areas of optics, optomechanical integration, electronics D&E and system integration.

### AMBERNATH

The facility engages in the manufacturing of heavy engineering products, large and heavy dynamic structures and mechanical system integration. It also has test facilities.

### Manufacturing excellence at Paras

We manufacture multiple products and develop diverse technologies in our exclusive facilities, ensuring flexibility to meet changing market demands and reduce dependence on one product category. We ensure high efficiency by engaging an established supply chain with dedicated facilities and having requisite quality control. This gives scalability to our production capacity and ensures responsive output for our customers.

Product excellence is paramount, and our ingrained culture and commitment to delivering quality products is reflected in high customer satisfaction. Our quality management system is validated with ISO 9001:2015 and AS9100D accreditation. We aim to refine these standards and continually implement better practices to match emerging technology and global standards.



### Key player in indigenisation

We are a key player in the Defence and Space industry with Indigenously Designed Developed and Manufactured (IDDM) capabilities. We have successfully indigenised the manufacturing of several products in line with the government’s Make in India efforts either through in-house development or strategic collaboration with leading technology companies globally. We are also aligned with the government’s Defence Acquisition Procedure, focussed on boosting indigenous production and promoting India as a global manufacturing hub for diverse technologies for Defence and Space applications.

### Evolving into a complete solutions provider

We are currently shaping up into a complete solutions provider along with our legacy business of sub-systems and components. This transition necessitates the establishment of integrated facilities to cater to larger systems and systems with higher quantities. Focussed on this, we are undertaking a capacity expansion programme at our Navi

Mumbai facility, which is poised to commence in FY 2023-24. Concurrently, we are in the process of onboarding experts and scaling up human resources. These efforts with bolster our capabilities to effectively execute ongoing projects and seize upcoming opportunities.



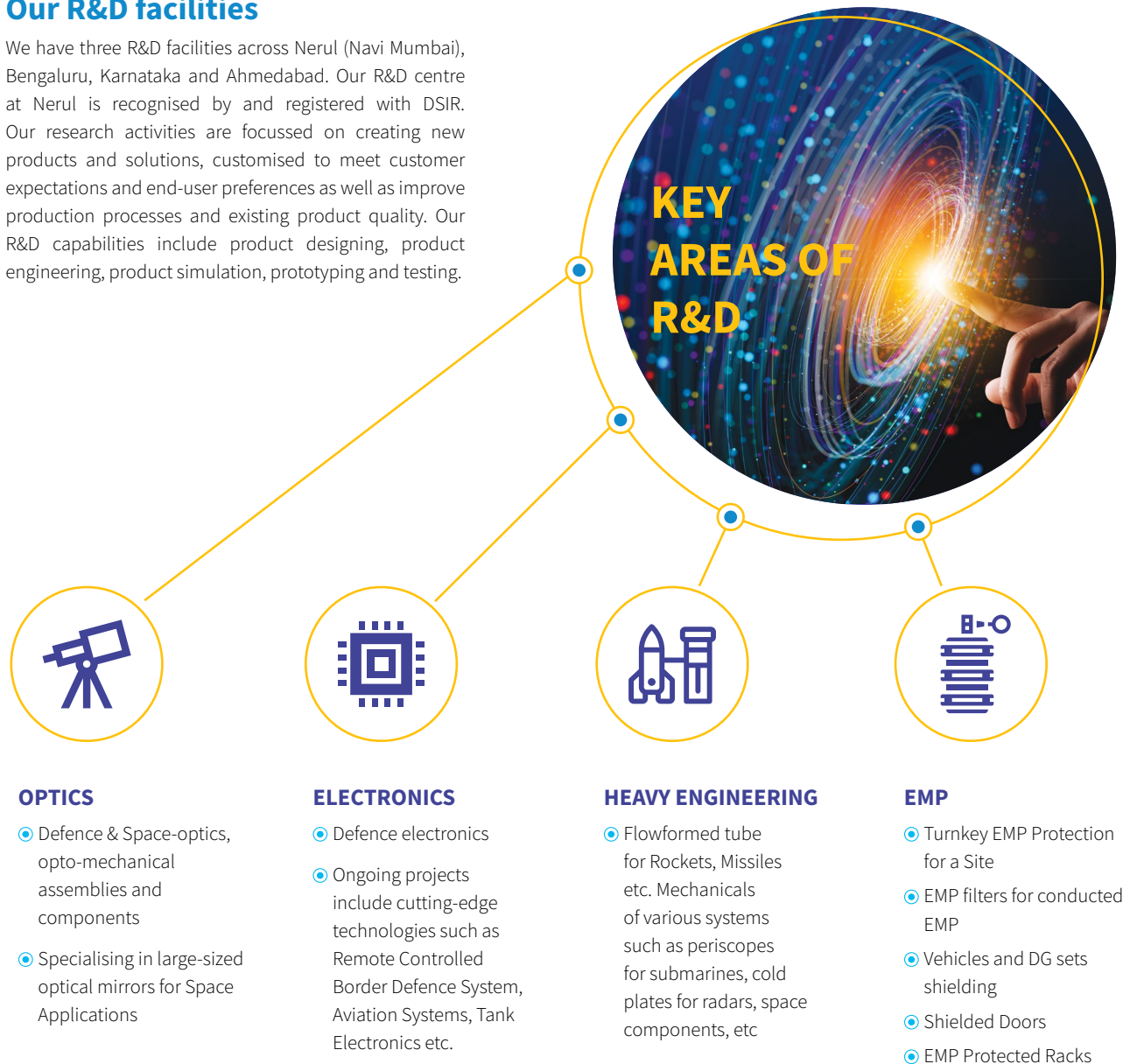
## Research and Development Capabilities

# Nurturing innovation for long-term success

Harnessing our R&D and technological capabilities, we have consistently expanded our portfolio with innovative, value-added and technologically advanced offerings to establish our niche position. This gives us a significant competitive edge and distinguishes us as a leading IDDM category company. As the wave of indigenisation surges in India, especially in the defence segment, we expect our expertise and know-how will play a key role in addressing the nation's ambitions and driving our growth.

### Our R&D facilities

We have three R&D facilities across Nerul (Navi Mumbai), Bengaluru, Karnataka and Ahmedabad. Our R&D centre at Nerul is recognised by and registered with DSIR. Our research activities are focussed on creating new products and solutions, customised to meet customer expectations and end-user preferences as well as improve production processes and existing product quality. Our R&D capabilities include product designing, product engineering, product simulation, prototyping and testing.



## Scaling R&D with collaboration

Collaboration is key to our R&D prowess. Over the years, we have established partnerships/collaborations with several companies and organisations for technology development. These collaborations also help solidify our reputation as a production partner for their high-end technology. We have also partnered with global OEMs to bring niche technologies to India, establishing ourselves as their gateway and manufacturing partner for their products in the region.

In FY 2022-23, we have successfully entered several new collaborations including:

Instrument Research & Development Establishment, DRDO for Optronic Periscopes

CONTROP Precision Technologies Limited for Electro-Optic/Infra-Red (EO/IR) field

New Space India Limited for Optical Imaging System as developed by the Indian Space Research Organisation (ISRO)

Yantra India Limited to establish a framework for jointly addressing the requirements of Indian Defence forces and export markets

## Advancing to the future

We are working on emerging technologies that are forward integration to our existing capabilities and have significant potential. Some of the key areas include:

- Becoming developers and manufacturers of Camera Systems for Drone Platforms,
- Hyper-Spectral Imaging Systems for Space & Non-Space applications,
- Turnkey solution to upcoming threats such as Intentional ElectroMagnetic Interference (IEMI)
- Manufacture world -class aviation systems such as Avionic Suites, etc.

**45+**

Engineers and officers in the R&D team with expertise in product design and engineering

**10+**

Products added in the last 3 years

**15+**

Different categories of products and solutions in the portfolio, with multiple variations

**30%+**

Revenue contribution from products added in the last 3 years





## Human Resource

# The force behind us, our talented and dynamic team



Anchored by rich and diverse talent pool, we have established strong engineering, innovation and high-end technology management capabilities to ensure better outcomes. As we ascend to the next level, transitioning into a products and solutions company, we are enhancing efforts to provide a supportive work environment and exposure to cutting-edge technologies to our team members, who are the backbone of our journey.



**ENSURING A CULTURE OF CONTINUOUS LEARNING**

Our business, being in a niche technology domain involves high level of technical capabilities, making a constant need for skilled talent and continually upskilling them essential for our success. Therefore, we have always given priority to the right attitude, positive approach and integrity over mere academic performance or relevant experience.

Our commitment is evident through a structured approach to learning and development. We conduct regular training sessions to enhance the knowledge of our employees and build competencies in emerging technologies. We also empower young talent by providing them with exposure to customers and offering on-the-job training opportunities to enrich their skill sets.

**PRIORITISING HEALTH AND SAFETY**

We adhere to comprehensive health and safety protocols, with strict compliance to all fundamental norms. Extending our commitment to employee well-being, we conduct regular safety drills and health check-ups for a secure and conducive work environment.



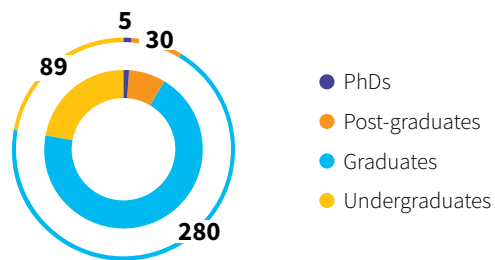
**EMBRACING DIVERSITY AND INCLUSION**

We encourage inclusiveness by positioning our employees as interfaces with customers, thereby transforming them into internal customers within the Company for ongoing projects. Further, our hiring practices are underpinned by a diversity focus as we attract employees from across the country supported by our presence in four states.

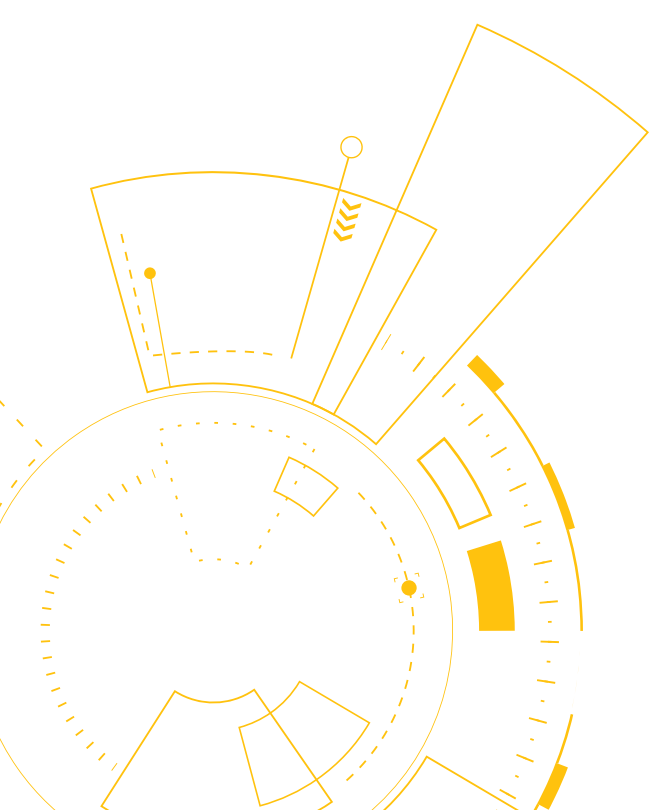
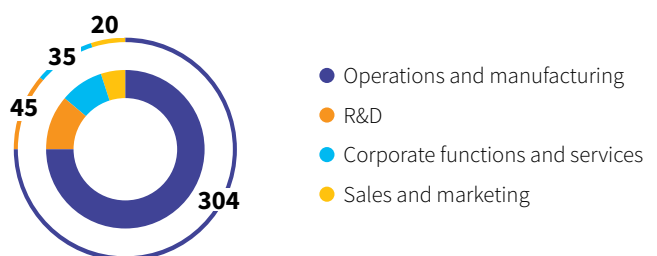
**EMPLOYEE ENGAGEMENT AND WELL-BEING**

Employee welfare and satisfaction are integral to our core values. We provide a thriving and free workplace to our people by facilitating direct access to both management and customers. Our commitment to their well-being goes beyond professional realms, as we extend personal and financial support in need.

**Break-up of employees by educational qualification**



**Break-up of employees by business functions**

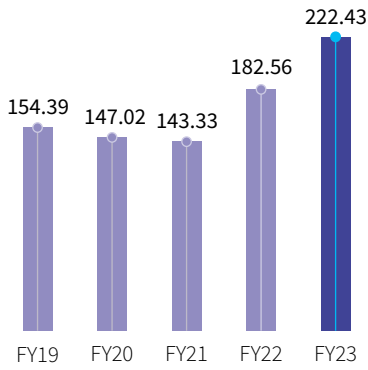


## Key Performance Indicators

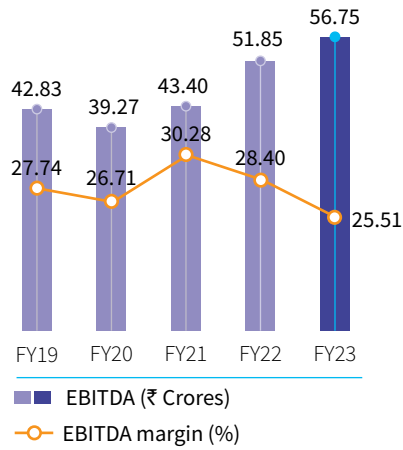
# Track record of stable performance

### Revenue from Operations

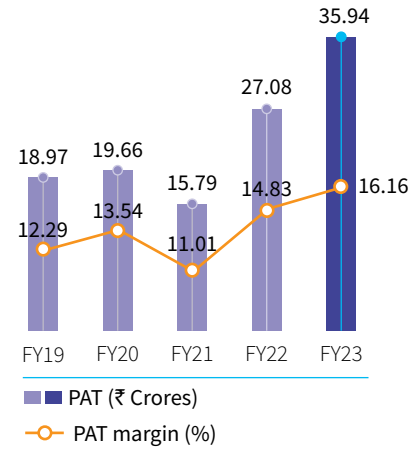
(₹ Crores)



### EBITDA and EBITDA margin

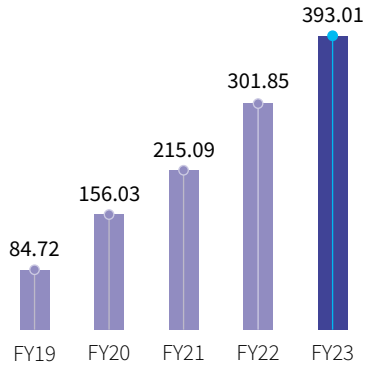


### PAT and PAT margin



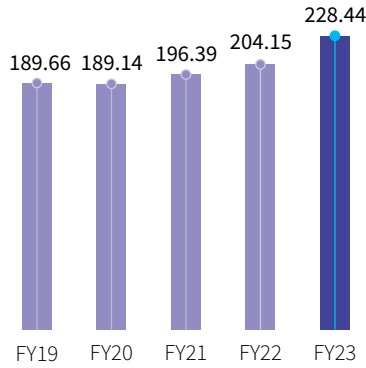
### Order Book

(₹ Crores)



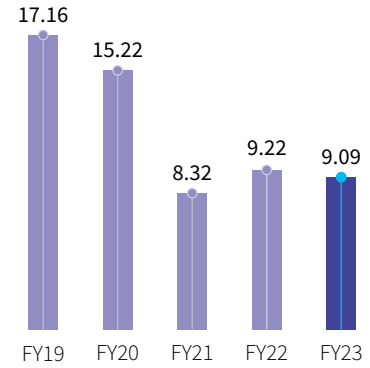
### Gross Asset

(₹ Crores)



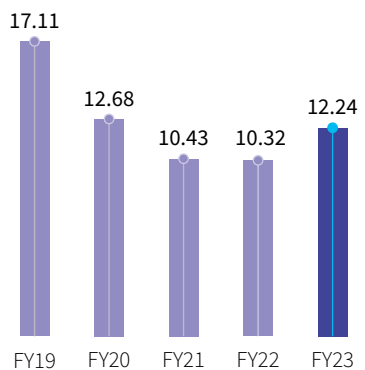
### Return on Equity

(%)



### Return on Capital Employed

(%)



## Board of Directors

# Leaders empowering our vision



**Sharad Virji Shah**  
Chairman



**Munjal Sharad Shah**  
Managing Director



**Shilpa Amit Mahajan**  
Whole-Time Director

## Director & KMPs



**Manmohan Handa**  
Independent Director  
Ex-Director of BEL



**Suresh Katyal**  
Independent Director  
Ex-GM of BEL



**Dr. Hina Amol Gokhale**  
Independent Director  
Ex-DG of DRDO



**Anish Hemant Mehta**  
Director - Business  
Development



**Harsh Dharendra Bhansali**  
CFO



**Amit Navin Mahajan**  
Director - Technical & R&D



**Ami Munjal Shah**  
V.P. - HR & Administrator

## Management Team

# Experts driving our success

## Top Management



**R. Rajagopal**

Sr. Vice President – Business Development Industry Expert



**N. Saravanan**

Sr. Vice President – System Integration Industry Expert



**K. Natarajan**

Sr. Vice President – Software Development Industry Expert



**Dr. Padmanabham**

Sr. Vice President – Electronics Industry Expert



**G. S. Ravichandar**

Sr. Vice President - Head of Naval Business Development  
Ex-Sr. DGM of BEL



**D. Ramakantha**

General Manager – Business Development  
Ex-Sr. DGM of BEL



**A. R. Bodhe**

Industry Expert

## India's best optics team



**Krishna Murthy**

Ex-ISRO



**C.P. Dewan**

Ex-ISRO



**K.R. Murali**

Ex-ISRO



**R.S. Bisht**

Ex-ISRO



**Bharat Yelkur**

Sr. Vice President – Marketing Industry Expert



**S. Somashaker**

Ex-ISRO

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Sharad Virji Shah

Chairman & Non-Executive Director

### Munjal Sharad Shah

Managing Director

### Shilpa Amit Mahajan

Whole-Time Director

### Manmohan Handa

Non-Executive Independent Director

### Hina Amol Gokhale

Non-Executive Independent Director

### Suresh Katyal

Non-Executive Independent Director

### Harsh Dharendra Bhansali

Chief Financial Officer

### Hemalkumar Hiranbhai Sagalia

Company Secretary & Compliance Officer

### M/s. Chaturvedi & Shah LLP, Chartered Accountants

Statutory Auditors

### M/s. Dinesh Jain & Company, Cost Accountants

Cost Auditors

### M/s. Shaparia Mehta & Associates LLP, Chartered Accountants

Internal Auditors

### M/s. DM & Associates Company Secretaries LLP

Secretarial Auditors

## BANKERS

Kotak Mahindra Bank Limited

NKGSB Co-operative Bank Limited

## REGISTERED OFFICE

D-112, TTC Industrial Area, MIDC,

Nerul, Navi Mumbai – 400706

Tel. No. +91-22-6919 9999

Fax No. +91-22-6919 9990

E-mail: [business@parasdefence.com](mailto:business@parasdefence.com)

Website: [www.parasdefence.com](http://www.parasdefence.com)

CIN: L29253MH2009PLC193352

## REGISTRAR & SHARE TRANSFER AGENT

### Link Intime India Private Limited

C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar,

Vikhroli West, Mumbai – 400 083

Tel. No. 022-4918 6000

Fax No.+91 022- 49186060

E-mail: [demat@linkintime.co.in](mailto:demat@linkintime.co.in)

## COMMITTEES OF BOARD

### Audit Committee

Manmohan Handa	Chairman
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Suresh Katyal	Member
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Munjal Sharad Shah	Member
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### Nomination and Remuneration Committee

Manmohan Handa	Chairman
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Suresh Katyal	Member
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Sharad Virji Shah	Member
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### Corporate Social Responsibility Committee

Munjal Sharad Shah	Chairman
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Hina Amol Gokhale	Member
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Manmohan Handa	Member
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### Stakeholder Relationship Committee

Sharad Virji Shah	Chairman
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Munjal Sharad Shah	Member
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Suresh Katyal	Member
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### Risk Management Committee

Sharad Virji Shah	Chairman
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Munjal Sharad Shah	Member
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Shilpa Amit Mahajan	Member
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Manmohan Handa	Member
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## FACTORY

M-6, Addl. MIDC, Ambarnath (E), Thane - 421506

Tel. No. +91-251-2620333

Fax No. +91-251-2621222

## CORPORATE OFFICE

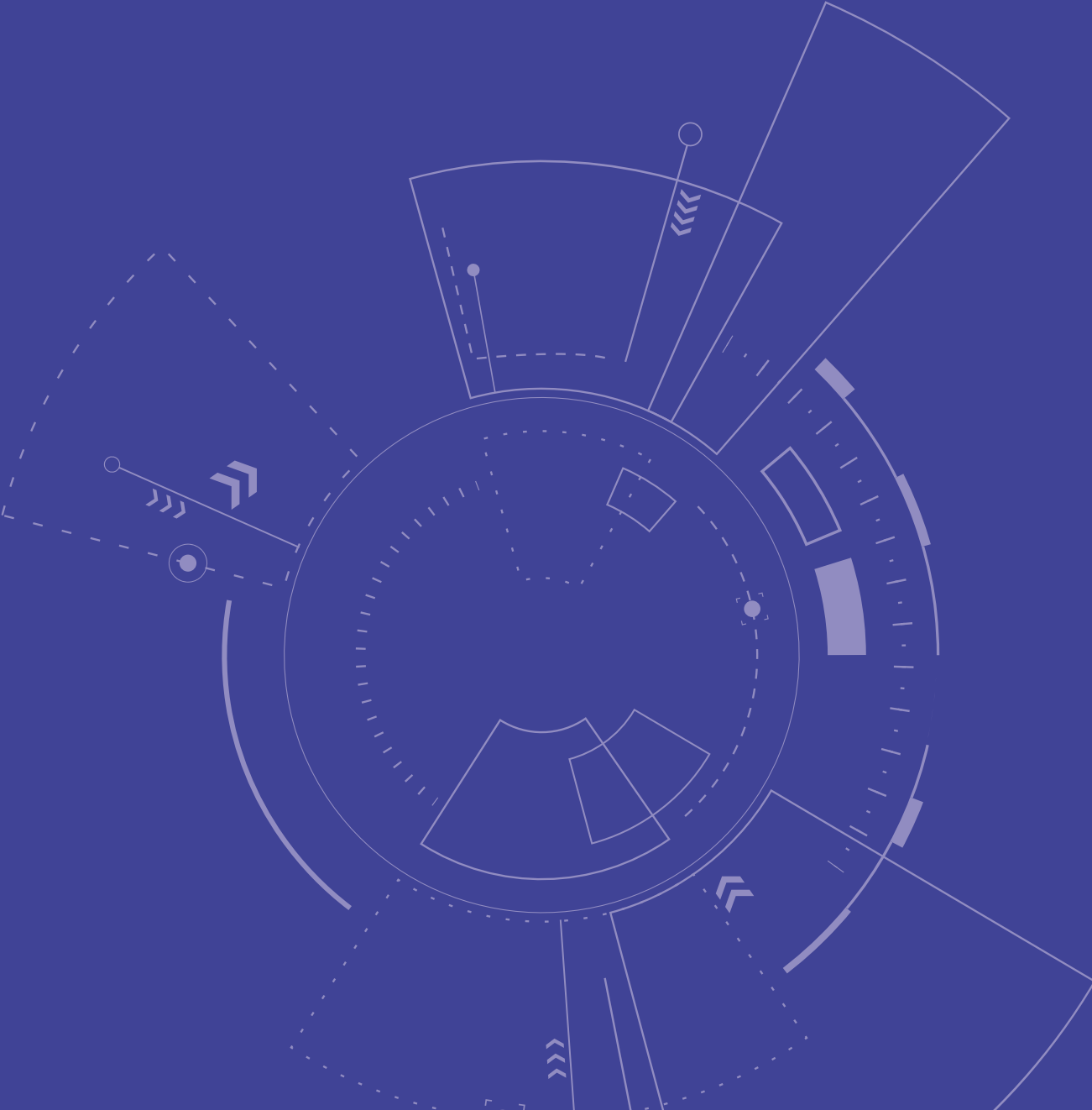
No. 1, 9<sup>th</sup> Cross, 9<sup>th</sup> Main, Malleshwaram,

Bengaluru-560003

Tel. No. +91-80-23464139

Fax No. +91-80-23464142

# Statutory Reports & Financial Statements



# NOTICE OF 14<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the fourteenth Annual General Meeting of the Members of Paras Defence and Space Technologies Limited will be held on Friday, September 29, 2023 at 11:00 a.m. (IST) through Video Conferencing (“VC”) or Other Audio-Visual means (“OAVM”) to transact the following businesses:

## ORDINARY BUSINESS

### 1. TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS

- (a) To receive, consider and adopt the standalone audited financial statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon;
- (b) To receive, consider and adopt the consolidated audited financial statements of the Company for the financial year ended March 31, 2023 together with the Reports of Auditors thereon;

### 2. TO CONSIDER THE RE-APPOINTMENT OF MRS. SHILPA AMIT MAHAJAN (DIN: 01087912), WHO RETIRES BY ROTATION

To re-appoint Mrs. Shilpa Amit Mahajan (DIN: 01087912), who retires by rotation, and being eligible, has offered herself for reappointment.

### 3. TO RE-APPOINT STATUTORY AUDITORS

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment(s) for the time being in force and as may be enacted from time to time) and pursuant to the recommendation of the Audit Committee, M/s. Chaturvedi & Shah LLP, Chartered Accountants having Firm Registration No. 101720W/ W100355 be and are hereby re-appointed as the Statutory Auditors of the Company for further consecutive term of five years, from the conclusion of this 14<sup>th</sup> Annual General Meeting till the conclusion of the 19<sup>th</sup> Annual General Meeting to be held in the year 2027-2028, to examine and audit the accounts of the Company on such remuneration as maybe recommended by the Audit Committee and approved by the Board of Directors in consultation with the Statutory Auditors of the Company.”

## SPECIAL BUSINESS

### 4. RE-APPOINTMENT OF MRS. SHILPA AMIT MAHAJAN (DIN: 01087912) AS WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the said Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and subject to any regulatory/ government approval, if applicable, consent of the Members of the Company be and is hereby accorded that Mrs. Shilpa Amit Mahajan (DIN: 01087912) be and is hereby re-appointed as Whole-Time Director of the Company for a period of 5 (five) years with effect from September 29, 2023 to September 28, 2028, who shall be liable to retire by rotation and on such terms and conditions as set out in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** in the event of absence of inadequacy of profits in any financial year during the tenure of Mrs. Shilpa Amit Mahajan (DIN: 01087912), she shall be paid a remuneration as prescribed under Section II of Part II of the Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mrs. Shilpa Amit Mahajan, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time, as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**RESOLVED FURTHER THAT** any Directors or Company Secretary of the Company be and is hereby severally authorized to do such acts, deeds and things, as may be necessary for compliance with the applicable laws and to file the aforesaid resolution with the Registrar of Companies and sign and issue a certified copy of the aforesaid resolution, whenever necessary.”

### 5. RE-APPOINTMENT OF MR. MUNJAL SHARD SHAH (DIN: 01080863) AS MANAGING DIRECTOR OF THE COMPANY

To consider and, if thought fit to pass with or without modification(s), the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the said Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company and pursuant to the recommendation of the



Nomination and Remuneration Committee and approval of the Board of Directors of the Company and subject to any regulatory/government approval, if applicable, consent of the Members of the Company be and is hereby accorded that Mr. Munjal Sharad Shah (DIN: 01080863) be and is hereby re-appointed as the Managing Director of the Company for a further period of 5 (five) years effective from March 15, 2024 to March 15, 2029, who shall be liable to retire by rotation and on such terms and conditions as set out in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** in the event of absence of inadequacy of profits in any financial year during the tenure of Mr. Munjal Sharad Shah (DIN: 01080863), he shall be paid a remuneration as prescribed under Section II of Part II of the Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. Munjal Sharad Shah, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time, as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**RESOLVED FURTHER THAT** any Directors or Company Secretary of the Company be and is hereby severally authorized to do such acts, deeds and things, as may be necessary for compliance with the applicable laws and to file the aforesaid resolution with the Registrar of Companies and sign and issue a certified copy of the aforesaid resolution, whenever necessary."

## 6. RATIFICATION OF REMUNERATION PAYABLE TO M/S. DINESH JAIN & CO., COST ACCOUNTANTS

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof), the remuneration payable to M/s. Dinesh Jain & Co., Cost Accountants having Firm Registration Number (FRN) 100583, appointed by the Board of Directors in their Board Meeting held on May 16, 2023 as Cost Auditors of the Company to conduct the cost audit for the Financial Year 2023-24, amounting to ₹ 1,00,000/- (Rupees One Lakh Only) per annum plus applicable Goods and Service Tax and out of pocket expenses that may be incurred, be and is hereby ratified.

**RESOLVED FURTHER THAT** any Directors or Company Secretary of the Company be and is hereby severally authorized to do such acts, deeds and things, as may be necessary for compliance with the applicable laws and to file the aforesaid resolution with the Registrar of Companies and sign and issue a certified copy of the aforesaid resolution, whenever necessary."

## 7. ALTERATION IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:

To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the approval of Board of Directors of the Company subject to any regulatory/government approval, if applicable consent of Members of the Company be and is hereby accorded for alteration of Object Clause of the Memorandum of Association ("MOA") of the Company such that the existing Clause III of the MOA of the Company be altered and amended as under;

**Existing Clause:**

### (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

1. To carry on the business of designing developing, engineering, manufacturing, integrating, testing, commissioning, validating, fabricating, erecting, installing, remodelling, delivering, assembling, repairing, refurbishing, upgrading, overhauling, hiring, supporting, distributing, marketing, buying, selling, importing, exporting and trading in all types varieties, descriptions, specifications, characteristics, and applications of engineering and technological products, Ultra-Precision Components, Sub-Systems & Systems equipment, tools, machines used in Defence and Space sector, including commissioning systems and projects including turn-key projects, special purpose project, comprising of Mechanical, Optic, Electrical, Electronic, Software, Power Electronic parts required for Defence, Space, Aerospace and allied industry, by contact or non-contact method, with in-house or out-sourced facilities.
2. To Design, Develop, Manufacture, Integrate, Test, Install & Commission parts, components, sub-systems, systems & projects in the area of Electro Magnetics including but not limited to EMI/EMC, EMP & IEMI.
3. To perform trade of special metals and manufacture using special metals like Titanium, Copper, Aluminum Bronze, Miraging Steel, HS Steel etc. Perform complete project management from design to commissioning for various project requirements of the customer.

### (B) MATTERS NECESSARY FOR FURTHERANCE OF THE OBJECTS OF THE COMPANY:-

4. To carry on the work of mechanical and engineers and to run a workshop to undertake and execute all types of mechanical and structural jobs of fabrication and erection of structures and articles as per the designs and requirements and to do various types of sheet metal work including manufacture and construction of plants, pipes, and machineries for the pharmaceutical and chemical and cosmetic industries.
5. To purchase, import, export, assemble, produce, exhibit, use, manipulate, work, distribute, buy, sell or otherwise deal in all kinds of raw materials, spare parts, accessories, tools, jigs, dies, moulds, fixtures, mechanical instruments and devises,

agricultural implements, automotive parts, gauges, appliances, apparatuses, lathes, shapers, drilling grinders, boring machines, slotters, milling machines, scientific and precision instruments and surgical instruments.

6. To research, invent, explore, import, acquire by association or collaboration or otherwise with any other person or persons, concerns, or institutions, technical, industrial, scientific, commercial, financial and managerial know-how expertise data, documents, designs formulae, details as to production fabrication, erection installation of the machineries for the purpose of construction work, of the goods and products dealt with by the company and to act as expert technicians, engineers, trainers, surveyors, valuers, contractors, collaborators dealing with the production, manufacture, assembly, erection, installation, and running of the machineries including its upkeep and maintenance, replacement schedules and modernisation in respect of the goods and products dealt with by the company.
7. To carry on the business of dealers in all kinds of machinery, implements and plants and as mechanical engineers, toolmakers, brass-founders, founders of all metals and metal compounds whatsoever, whether ferrous or non-ferrous, metal workers, welders, tin makers, tin manufacturers, tin convertors, iron and steels workers, machinists, smiths metallurgists, enamellers, electroplaters, silverplaters, nickelplaters, vulcanizers, galvanisers, and contractors.

**New Clause:**

**(A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**

1. To carry on the business of designing, developing, analysing, simulation, engineering, manufacturing, integrating, testing, commissioning, validating, fabricating, erecting, installing, remodelling, delivering, assembling, repairing, refurbishing, upgrading, overhauling, hiring, supporting, distributing, marketing, buying, selling, importing, exporting, services and trading in all types & varieties, descriptions, specifications, characteristics, and applications of engineering and technological products, Systems, Sub-Systems, equipment, cameras, armaments, tools, machines and Components used in Defence and Space sector for applications such as Rocket & Missile, Electronic warfare & surveillance, Battle tanks & armoured vehicles, other Land systems, Arms & ammunitions, Naval systems, Space Research & Exploration, Drones & Counter UAVs etc., and commissioning systems, projects comprising of technologies involving Mechanical, Optical, Electrical, Electronic, Software & other technologies required for Defence, Space, Aerospace and allied industry, by contact or non-contact method, with in-house or out-sourced facilities.
2. To Design, Develop, Manufacture, Integrate, Test, Install & Commission parts, components, systems, sub-systems & projects in the area of Electro Magnetics Shielding solutions including but not limited to EMI/EMC, EMP & IEMI.
3. To perform trade of special metals and manufacture using special metals like Titanium, Copper, Aluminum Bronze, Miraging Steel, HS Steel etc. Perform complete project management from

design to commissioning for various project requirements of the customer.

**(B) MATTERS NECESSARY FOR FURTHERANCE OF THE OBJECTS OF THE COMPANY:-**

4. To carry on the work of mechanical and engineers and to run a workshop to undertake and execute all types of mechanical and structural jobs of fabrication and erection of structures and articles as per the designs and requirements and to do various types of sheet metal work including manufacture and construction of plants, pipes, and machineries for all types of industries.
5. To purchase, import, export, assemble, produce, exhibit, use, manipulate, work, distribute, buy, sell or otherwise deal in all kinds of raw materials, spare parts, accessories, tools, jigs, dies, moulds, fixtures, mechanical instruments and devises, agricultural implements, automotive parts, gauges, appliances, apparatuses, lathes, shapers, drilling grinders, boring machines, slotters, milling machines, scientific precision instruments and surgical instruments.
6. To research, invent, explore, import, acquire by association or collaboration or otherwise with any other person or persons, concerns, or institutions, technical, industrial, scientific, commercial, financial and managerial know-how expertise data, documents, designs formulae, details as to production fabrication, erection installation of the machineries for the purpose of construction work, of the goods and products dealt with by the company and to act as expert technicians, engineers, trainers, surveyors, valuers, contractors, collaborators dealing with the production, manufacture, assembly, erection, installation, and running of the machineries including its upkeep and maintenance, replacement schedules and modernisation in respect of the goods and products dealt with by the company.
7. To carry on the business of dealers in all kinds of machinery, implements and plants and as mechanical engineers, toolmakers, brass-founders, founders of all metals and metal compounds whatsoever, whether ferrous or non-ferrous, metal workers, welders, tin makers, tin manufacturers, tin convertors, iron and steels workers, machinists, smiths metallurgists, enamellers, electroplaters, silverplaters, nickelplaters, vulcanizers, galvanisers, and contractors.

*\*All the matters of the object clause not specified above shall remain unchanged.*

By the order of the Board of Directors  
**Paras Defence and Space Technologies Limited**

Date: September 04, 2023

Place: Navi Mumbai

**Hemalkumar Hiranbhai Sagalia**

Company Secretary & Compliance Officer

**Registered Office Address:**

D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706

Tel. No. +91-22-6919 9999

Fax No. +91-22-6919 9990

E-mail: [business@parasdefence.com](mailto:business@parasdefence.com)

Website: [www.parasdefence.com](http://www.parasdefence.com)

CIN: L29253MH2009PLC193352

**NOTES:**

- a. The Ministry of Corporate Affairs ('MCA') has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2021 dated January 13, 2021 and Circular No. 02/2022 dated May 5, 2022 and General Circular No. 10/2022 dated December 28, 2022 respectively (collectively referred as 'MCA Circulars') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 issued by Securities and Exchange Board of India (SEBI) (collectively referred as 'SEBI Circulars'). MCA circulars and SEBI circulars (collectively referred as 'Circulars') allowed the companies to hold AGM through VC/OAVM, without the physical presence of members at the venue. In compliance with the Circulars, the AGM of the Company will be held through VC/OAVM without the physical presence of the shareholders at a common venue.
- b. Since this AGM is being held pursuant to the Circulars through VC / OAVM, accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
- c. Participation of Members through VC / OAVM shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
- d. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 and as per the SEBI Listing Regulations, concerning resolutions vide item No. 4 to 7 in the Notice of this 14<sup>th</sup> Annual General Meeting is annexed hereto and forms integral part of this Notice.
- e. The information required to be provided as per section 102 of the Companies Act, 2013, Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.
- f. Statement giving details of the Directors seeking re-appointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard on General Meeting ("SS-2").
- g. All the relevant documents referred to in this AGM Notice and Explanatory Statement etc., Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available electronically for inspection by the members at the AGM. Members seeking to inspect such documents can send an e-mail to [cs@parasdefence.com](mailto:cs@parasdefence.com) from their registered e-mail address.
- h. The register of members and share transfer books of the Company will remain closed from Saturday, September 23, 2023 to Friday, September 29, 2023 both days inclusive, for the purpose of determining the members for the purpose of e-voting and AGM.
- i. Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company's Registrar and Share Transfer Agent/Depositories. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website [www.parasdefence.com](http://www.parasdefence.com), websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of Link Intime India Private Limited [www.linkintime.co.in](http://www.linkintime.co.in).
- In case any member is desirous of obtaining physical copy of the Annual Report for the financial year 2022-23 and Notice of the AGM of the Company, he/she may send a request to the Company by writing at [cs@parasdefence.com](mailto:cs@parasdefence.com) mentioning their DP ID and Client ID/Folio No.
- j. Institutional / Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization along with a ID proof of the representative, authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to [dinesh.deora@gmail.com](mailto:dinesh.deora@gmail.com) with a copy marked to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in).
- k. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- l. Members holding shares of the Company as on Friday, September 22, 2023, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- m. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at e-mail address: [cs@parasdefence.com](mailto:cs@parasdefence.com) at least seven days prior to the date of Annual General Meeting. The same shall be replied suitably by the Company.
- n. The Company has appointed Mr. Dinesh Kumar Deora, Practicing Company Secretary (Membership No. FCS 5683, C.P. No. 4119), of M/s. DM & Associates Company Secretaries LLP, as the Scrutinizer to scrutinize remote e-voting or e-voting at the AGM in a fair and transparent manner.

- o. Scrutinizer's report and declaration of results
- i. The Scrutinizer shall, after the conclusion of e-voting at the AGM, first count the votes cast vide e-voting at the AGM and thereafter shall, unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. He shall be submitting a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty-eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - ii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.parasdefence.com](http://www.parasdefence.com) and on the website of Link Intime India Private Limited i.e. [www.linkintime.co.in](http://www.linkintime.co.in). The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.
- p. Instructions for members for attending the AGM through VC / OAVM are as under:
- i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed services of Link Intime India Private Limited for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by Link Intime India Private Limited.
  - ii. Members may note that the VC/OAVM facility, allows participation of atleast 1,000 Members on a first-come-first-served basis and the said facility shall open 30 minutes before the time scheduled for the AGM. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  - iii. Members will be able to attend the AGM through VC/ OAVM at <https://instavote.linkintime.co.in> by using their remote e-voting login credentials and selecting the link available against the EVEN (230409) for Company's AGM. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.
  - iv. The remote e-voting period commences on Tuesday, September 26, 2023 at 9:00 a.m. (IST) and ends on Thursday, September 28, 2023 at 5:00 p.m. (IST). During this period members of the Company, holding shares as on the cut-off date of Friday, September 22, 2023, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - v. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Tuesday, September 26, 2023 at 9:00 a.m. (IST) and ends on Thursday, September 28, 2023 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Friday, September 22, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, September 22, 2023.

#### **Remote e-Voting Instructions for shareholders:**

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

#### **Login method for Individual shareholders holding securities in demat mode is given below:**

1. Individual Shareholders holding securities in demat mode with NSDL
  1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
  2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>

3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.
2. Individual Shareholders holding securities in demat mode with CDSL
  1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
  2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.
  3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login & New System Myeasi Tab and then click on registration option.
  4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
3. Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site

after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

**Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
  2. Click on “**Sign Up**” under ‘**SHARE HOLDER**’ tab and register with your following details: -
    - A. User ID:**

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
    - B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
    - C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
    - D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
- \*Shareholders holding shares in **physical form** but have not recorded ‘C’ and ‘D’; shall provide their Folio number in ‘D’ above*
- \*Shareholders holding shares in **NSDL form**, shall provide ‘D’ above*
- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
  - Click “confirm” (Your password is now generated).
3. Click on ‘Login’ under ‘**SHARE HOLDER**’ tab.
  4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘**Submit**’.

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select ‘**View**’ icon.
2. E-voting page will appear.

3. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).
4. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes'**, else to change your vote, click on 'No' and accordingly modify your vote.

#### Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

#### Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

#### Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
<b>Individual Shareholders holding securities in demat mode with NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at: 022 - 4886 7000 and 022 - 2499 7000
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

#### Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on **"SUBMIT"**.

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the

particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

**User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company

#### Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

#### Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on **"Login"**.
  - Select the **"Company"** and 'Event Date' and register with your following details: -
    - A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
      - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
      - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
      - Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company
    - B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
    - C. Mobile No.:** Enter your mobile number.
    - D. Email ID:** Enter your email id, as recorded with your DP/ Company.
  - Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

**Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

**Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.**

**Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/ Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 4****RE-APPOINTMENT OF MRS. SHILPA AMIT MAHAJAN (DIN: 01087912) AS WHOLE-TIME DIRECTOR OF THE COMPANY**

Mrs. Shilpa Amit Mahajan was appointed as Whole-Time Director on the Board of Directors of the Company with effect from September 28, 2018.

Members are requested to note that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the said Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on September 04, 2023 subject to the approval of Shareholders, approved the re-appointment of Mrs. Shilpa Amit Mahajan as Whole-Time Director of the Company for a period of 5 (five) years w.e.f. September 29, 2023 to September 28, 2028, who shall be liable to retire by rotation. The terms of appointment including remuneration payable to Mrs. Shilpa Amit Mahajan as Whole-Time Director and other terms and conditions of the appointment are as under:

**a) Basic Salary:**

The basic salary shall be ₹ 3,00,000/- (Rupees Three Lakhs Only) per month excluding perquisites and allowances with such increments as may be recommended by Nomination and Remuneration Committee and approved by Board subject to a ceiling of ₹ 5,00,000/- (Rupees Five Lakhs Only) per month.

**b) Performance Linked Variable Remuneration (PLVR):**

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be recommended by Nomination and Remuneration Committee and as may be decided by the Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to her performance for each year.

**c) Flexible Compensation:**

In addition to the Fixed Compensation and PLVR, Mrs. Shilpa Amit Mahajan will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called “perquisites and allowances”). These perquisites and allowances may be granted to Mrs. Shilpa Amit

Mahajan in the manner as the Board of Directors of the Company may decide as per the Rules of the Company:

- Housing (i.e. unfurnished residential accommodation or House Rent Allowance);
- Furnishing at residence;
- Supplementary Allowance;
- Leave Travel Assistance;
- Payment/reimbursement of domiciliary medical expenses for self and family;
- Payment/reimbursement of Food Vouchers and Petrol;
- Company cars with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Housing Loan, Contingency Loan as per rules and policy of the Company;
- Earned/privilege leave, Casual/Sick leave as per Company policy prevailing from time to time;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

Brief profile of Mrs. Shilpa Amit Mahajan and disclosure(s) / information under the Listing Regulations and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India are set out in Annexure A to the Notice.

Members are requested to note that the Company has received consent in writing from Mrs. Shilpa Amit Mahajan to act as Whole-Time Director of the Company and declaration(s) and confirmation(s) stating that she is not disqualified from being appointed as Whole-Time Director of the Company in terms of Section 164 and other applicable provisions of the Act and the Securities and Exchange Board of India.

The copy of the agreement setting out the terms and conditions of appointment and remuneration of Mrs. Shilpa Amit Mahajan, shall be available for inspection during the 14<sup>th</sup> AGM. Members seeking to inspect the said agreement can send an email to cs@parasdefence.com.

The Board of Directors recommends the resolution set out at Item 4 of the Notice of 14<sup>th</sup> Annual General Meeting to the Members for their consideration and approval, by way of Special Resolution.

Except Mrs. Shilpa Amit Mahajan and her relatives none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

#### ITEM NO. 5

##### **RE-APPOINTMENT OF MR. MUNJAL SHARD SHAH (DIN: 01080863) AS MANAGING DIRECTOR OF THE COMPANY**

Mr. Munjal Sharad Shah was appointed as Managing Director on the Board of Directors of the Company with effect from March 15, 2019.

Members are requested to note that pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of

the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the said Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee the Board of Directors of the Company at its meeting held on September 04, 2023 subject to approval of the Shareholders, approved the re-appointment of Mr. Munjal Sharad Shah as Managing Director of the Company for a period of 5 (five) years w.e.f. March 16, 2024 till March 15, 2029, who shall be liable to retire by rotation. The terms of appointment including remuneration payable to Mr. Munjal Sharad Shah as Managing Director and other terms and conditions of the appointment are as under:

#### **a) Basic Salary:**

The basic salary shall be ₹ 7,00,000/- (Rupees Seven Lakhs Only) per month excluding perquisites and allowances with such increments as may be recommended by Nomination and Remuneration Committee and approved by Board subject to a ceiling of ₹ 9,00,000/- (Rupees Nine Lakhs Only) per month.

#### **b) Performance Linked Variable Remuneration (PLVR):**

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be recommended by Nomination and Remuneration Committee and as may be decided by the Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to his performance for each year.

#### **c) Flexible Compensation:**

In addition to the Fixed Compensation and PLVR, Mr. Munjal Sharad Shah will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances"). These perquisites and allowances may be granted to Mr. Munjal Sharad Shah in the manner as the Board of Directors of the Company may decide as per the Rules of the Company:

- Housing (i.e. unfurnished residential accommodation or House Rent Allowance);
- Furnishing at residence;
- Supplementary Allowance;
- Leave Travel Assistance;
- Payment/reimbursement of domiciliary medical expenses for self and family;
- Payment/reimbursement of Food Vouchers and Petrol;
- Company cars with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Housing Loan, Contingency Loan as per rules and policy of the Company;





- Earned/privilege leave, Casual/Sick leave as per Company policy prevailing from time to time;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

Brief profile of Mr. Munjal Sharad Shah and disclosure(s) / information under the Listing Regulations and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India are set out in Annexure to the Notice.

Members are requested to note that the Company has received consent in writing from Mr. Munjal Sharad Shah to act as Managing Director of the Company and declaration(s) and confirmation(s) stating that he is not disqualified from being appointed as Managing Director of the Company in terms of Section 164 and other applicable provisions of the Act and the Securities and Exchange Board of India.

The copy of the agreement setting out the terms and conditions of appointment and remuneration of Mr. Munjal Sharad Shah, shall be available for inspection during the 14<sup>th</sup> AGM. Members seeking to inspect the said agreement can send an email to cs@parasdefence.com.

The Board of Directors recommends the resolution set out at Item 5 of the Notice of 14<sup>th</sup> Annual General Meeting to the Members for their consideration and approval, by way of Special Resolution.

Except Mr. Munjal Sharad Shah and his relatives none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

#### ITEM NO. 6

##### **RATIFICATION OF REMUNERATION PAYABLE TO M/S. DINESH JAIN & CO., COST ACCOUNTANTS**

The Board of Directors at its Meeting held on May 16, 2023, upon recommendation of the Audit Committee has approved the appointment of M/s. Dinesh Jain & Co., Cost Accountants (FRN: 100583) as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the Financial Year 2023-2024, at a remuneration of ₹ 1,00,000/- (Rupees One Lakh Only) plus applicable taxes thereon and reimbursement of actual out of pocket expenses as approved by the Board based on the recommendation of the Audit Committee in terms of Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014.

However, in terms of provision of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration payable to the Cost Auditors is subject to ratification by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending March 31, 2024.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

#### ITEM NO. 07

##### **ALTERATION IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:**

As part of the company's growth strategy and in response to the opportunities arising from the Make In India and Atmanirbhar Bharat initiatives, company has taken significant steps to enhance its market position and capabilities. Company is now actively engaged in the development and supply of complete products, indicating a strategic move up the value chain.

By embracing this product-centric approach, the company aims to achieve substantial growth, this shift allows the company to tap into new markets, expand its customer base, and capitalize on the increasing demand for locally manufactured and self-reliant products. Therefore, it has proposed some additions to the objects in line with upcoming opportunities. Company always looks for expansion across a variety of industries, and always takes into account new proposals with promising futures and potential to boost returns for shareholders.

To facilitate such initiatives, alteration is proposed by way of amendment to the Object Clause in the Memorandum of Association as set out in the resolution at Item No. 7 of the Notice. This alteration in Object may conveniently and advantageously be combined with the existing businesses of the Company. The aforesaid alteration, if approved by the Members shall be registered by the Registrar of Companies, Maharashtra, Mumbai ("ROC") as per the provisions of the Act with such modifications as may be advised by the ROC.

In accordance with the provisions of Section 13 of the Companies Act, 2013, alteration of the Object Clause of the Memorandum of Association requires approval of Members of the Company by passing a Special Resolution.

Accordingly, the approval of Members is sought for alteration of the Object Clause of the Memorandum of Association of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No.7 of the Notice for approval by the Members.

By the order of the Board of Directors

**Paras Defence and Space Technologies Limited**

Date: September 04, 2023

Place: Navi Mumbai

**Hemalkumar Hiranbhai Sagalia**

Company Secretary & Compliance Officer

#### **Registered Office Address:**

D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706

Tel. No. +91-22-6919 9999

Fax No. +91-22-6919 9990

E-mail: business@parasdefence.com

Website: www.parasdefence.com

CIN: L29253MH2009PLC193352

**ANNEXURE - A**

Details of re-appointment of Mrs. Shilpa Amit Mahajan, Whole-Time Director liable to retire by rotation at the AGM [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2, Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India]

<b>Name of Director</b>	<b>Mrs. Shilpa Amit Mahajan</b>
<b>DIN</b>	01087912
<b>Date of birth</b>	November 09, 1979
<b>Age</b>	43 Years
<b>Date of first appointment on the Board</b>	June 25, 2018
<b>Qualifications</b>	Diploma in Interior Design
<b>Experience</b>	Mrs. Shilpa Amit Mahajan holds a Diploma in Interior Design. She was appointed to the Board pursuant to amalgamation of Concept Shapers and Electronics Private Limited by the Company and was later re-designated as Whole-Time Director. Her knowledge and passion lies in designing products and is well acquainted with design softwares. She has an all-round experience over the last 22 years in the organization, which helps her successfully handle the complete operations of the company right from design to delivery.
<b>Terms and conditions of appointment</b>	Mentioned in explanatory statement as annexed to the notice
<b>Details of remuneration last drawn</b>	₹ 24,45,311/- p.a.
<b>Remuneration proposed to be paid</b>	In the range of ₹ 3,00,000/- p.m. to ₹ 5,00,000/ p.m.
<b>Shareholding in the Company as on date</b>	7,00,000 (constituting 1.79% of the paid-up capital)
<b>Relationship with other Directors / Key Managerial Personnel</b>	Spouse of Mr. Amit Navin Mahajan, Director (Research & Development) cum Key Managerial Personnel
<b>Directorships in other companies</b>	Paras Anti-Drone Technologies Private Limited *Paras Aerospace Private Limited
<b>Membership of Committees/ Chairmanship in other Companies</b>	N.A.
<b>Number of Board meetings attended during the year</b>	08

\*Mrs. Shilpa Amit Mahajan has resigned from the post of Director from Paras Aerospace Private Limited w.e.f. April 07, 2023



Details of re-appointment of Mr. Munjal Sharad Shah, Managing Director liable to retire by rotation at the AGM [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2, Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India]

<b>Name of Director</b>	<b>Mr. Munjal Sharad Shah</b>
<b>DIN</b>	01080863
<b>Date of birth</b>	May 27, 1977
<b>Age</b>	46 years
<b>Date of first appointment on the Board</b>	June 16, 2009
<b>Qualifications</b>	Higher Secondary Certificate
<b>Experience</b>	Mr. Munjal Sharad Shah is Promoter of the Company and held the position of Managing Director in the Company. He propelled the Company from a small-scale engineering company into an multi-faceted organization offering diverse solutions in areas of Flow Forming, Special Purpose Machines & Equipment's, Turnkey Mechanical Units, Titanium Structures, etc. – primarily for Defense applications. He is member of various Committees in the Company.
<b>Terms and conditions of appointment</b>	Mentioned in explanatory statement as annexed to the notice
<b>Details of remuneration last drawn</b>	₹ 69,00,000/- p.a.
<b>Remuneration proposed to be paid</b>	In the range of ₹ 7,00,000/- p.m. to ₹ 9,00,000/ p.m.
<b>Shareholding in the Company as on date</b>	98,58,137 (constituting 25.28% of the paid-up capital)
<b>Relationship with other Directors / Key Managerial Personnel</b>	Mr. Munjal Sharad Shah is the son of Mr. Sharad Virji Shah, Chairman & Non-Executive Director of the Company and spouse of Mrs. Ami Munjal Shah, Key Managerial Personnel of the Company
<b>Directorships in other companies</b>	<ol style="list-style-type: none"> <li>1. Paras Aerospace Private Limited</li> <li>2. Paras Anti-Drone Technologies Private Limited</li> <li>3. Paras Green Optics Private Limited</li> <li>4. Krasny Paras Defence Technologies Private Limited</li> </ol>
<b>Membership of Committees/ Chairmanship in other Companies</b>	N.A.
<b>Number of Board meetings attended during the year</b>	09

By the order of the Board of Directors  
**Paras Defence and Space Technologies Limited**

**Hemalkumar Hiranbhai Sagalia**  
 Company Secretary & Compliance Officer

Date: September 04, 2023  
 Place: Navi Mumbai

**Registered Office Address:**

D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706  
 Tel. No. +91-22-6919 9999  
 Fax No. +91-22-6919 9990  
 E-mail: business@parasdefence.com  
 Website: www.parasdefence.com  
 CIN: L29253MH2009PLC193352

# BOARD'S REPORT

TO  
THE MEMBERS OF  
**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

The Directors of your Company are pleased to present fourteenth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the financial year ended on March 31, 2023.

## 1. FINANCIAL SUMMARY AND HIGHLIGHTS

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from Operations	21,427.96	18,000.01	22,242.59	18,256.24
Other Income	833.30	300.86	822.43	297.17
<b>Total Income</b>	<b>22,261.26</b>	<b>18,300.87</b>	<b>23,065.02</b>	<b>18,553.41</b>
Less: Total Expenditure	17,588.57	14,661.62	18,367.39	14,895.68
Less: Share of loss of associate	-	-	13.13	0.42
<b>Profit Before Tax</b>	<b>4,672.69</b>	<b>3,639.25</b>	<b>4,684.50</b>	<b>3,657.31</b>
Less: Income tax	1,173.48	1,008.01	1,185.41	1,009.46
Less: Deferred Tax	(28.87)	(59.62)	(30.21)	(59.88)
Less: Income Tax for earlier years	(64.74)	-	(64.74)	-
<b>Profit after Tax</b>	<b>3,592.82</b>	<b>2,690.86</b>	<b>3,594.04</b>	<b>2,707.73</b>
Other Comprehensive Income (net of taxes)	6.08	0.79	-	(0.33)
Total Comprehensive Income for the year	3,586.74	2,690.07	3,594.04	2,708.06

On standalone basis, the total income for the financial year ended March 31, 2023 was ₹ 22,261.26 Lakhs, which is 21.64 % more than the previous year's income of ₹ 18,300.87 Lakhs. Our total income on consolidated basis for the financial year ended March 31, 2023 was ₹ 23,065.02 Lakhs as against ₹ 18,553.41 Lakhs for the financial year ended March 31, 2022.

On standalone basis, the net profit after tax (PAT) for the financial year ended March 31, 2023 stood at ₹ 3,592.82 Lakhs as against previous year's net profit of ₹ 2,690.86 Lakhs thereby recording a growth of 33.52%. Our net profit after tax (PAT) on consolidated basis for the financial year ended March 31, 2023 amounted for ₹ 3,594.04 Lakhs as compared to ₹ 2,707.73 Lakhs in the previous year.

## 2. TRANSFER TO RESERVES

The Company has not transferred any amount out of the current year profits of the Company for the financial year 2022-23 to General Reserve Account.

## 3. DIVIDEND AND TRANSFER TO IEPF

The Board of Directors has not recommended any dividend on equity shares for the financial year 2022-23. The Company was not required to transfer any unpaid / unclaimed amount of dividend to IEPF during the financial year ended March 31, 2023.

The Company has in place a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the

same is available on the Company's website at <https://www.parasdefence.com/policies/>.

## 4. STATE OF THE COMPANY'S AFFAIRS

The information on Company's affairs and related aspects is provided under Management Discussion and Analysis Report, which has been prepared, inter-alia, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms part of this Report.

## 5. CHANGE IN THE NATURE OF BUSINESS

There were no changes in the nature of business during the financial year ended March 31, 2023.

## 6. MATERIAL CHANGES AND COMMITMENT, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statement relate and the date of this report.

## 7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans given, investments made, guarantees given and securities provided during the year and as covered under Section 186 of the Companies Act, 2013 form part of the notes to the standalone financial statements of the Company provided in this annual report.

## 8. DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with Chapter V of the Act is not applicable.

## 9. DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

### A. SUBSIDIARIES

As on March 31, 2023, the Company has 5 (five) subsidiaries out of which 4 (four) are Indian subsidiaries and 1 (one) Foreign subsidiary.

The details of the Subsidiaries are as follows:

Name of the Company	Type of Subsidiary	Date of Incorporation
Paras Green Optics Private Limited	Indian Wholly Owned Subsidiary	29/10/2018
Paras Aerospace Private Limited	Indian Subsidiary	13/02/2019
Paras Anti-Drone Technologies Private Limited	Indian Subsidiary	25/02/2019
Ayatti Innovative Private Limited	Indian Subsidiary	13/08/2018
Opel Technologies Pte. Ltd.	*Foreign Wholly Owned Subsidiary	02/01/2019

\* Opel Technologies Pte. Ltd. became the material subsidiary of your Company w.e.f. April 01, 2023.

### B. ASSOCIATE COMPANIES

As on March 31, 2023, there is 1 (One) Associate company within the meaning of Section 2(6) of the Companies Act, 2013.

The details of the Associate Company are as follows:

Name of the Company	Date of Incorporation
Krasny Paras Defence Technologies Private Limited	10/11/2021

### C. JOINT VENTURE

As on March 31, 2023, there are no Joint Ventures within the meaning of Section 2(6) of the Companies Act, 2013.

## 14. CREDIT RATING

During the year under review, your Company has been rated by CRISIL Ratings Limited ("CRISIL") vide its letter dated May 30, 2022 and by ICRA Limited ("ICRA") vide its letter dated January 23, 2023 for its bank facilities as follows:

CRISIL Ratings Limited			
Instrument Type	Size of Issue (₹ in Cr.)	Rating Outlook	Rating action
Bank Guarantee	23.00	CRISIL A2	Reaffirmed
Cash Credit	39.00	CRISIL BBB+ / Positive	Outlook revised to Positive from Negative
Letter of Credit	5.00	CRISIL A2	Reaffirmed
Pre-Shipment Credit	7.00	CRISIL A2	Reaffirmed
Long Term Loan	10.00	CRISIL BBB+ / Positive	Outlook revised to Positive from Negative
Proposed Term Loan	19.00	CRISIL BBB+ / Positive	Outlook revised to Positive from Negative

## 10. PERFORMANCE AND FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES AND THEIR CONTRIBUTION TO OVERALL PERFORMANCE OF THE COMPANY

The consolidated financial statements of the company, forms a part of this Annual Report. A Statement containing salient features of the financial statement of subsidiaries pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 are enclosed as Annexure - 1 to this report.

## 11. SHARE CAPITAL

### A. Authorized share capital

Date of Approval from Shareholders	Particulars	Revised Authorized Share Capital	
		From	To
September 27, 2022	Re-classification of the authorized share capital	₹ 60,50,00,000 divided into 5,09,20,000 Equity Shares of ₹ 10 each and 9,58,000 Preference Shares of ₹ 100 each	₹ 60,50,00,000 divided into 6,05,00,000 Equity Shares of ₹ 10 each

### B. Issued, Subscribed and Paid-up Share Capital

During the period under review, no allotment of securities have been made by the Company.

## 12. BONUS SHARES/ EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS/ESOP/SWEAT EQUITY

During the year under review, the Company has not issued any equity shares with differential voting rights nor has granted any stock options or sweat equity.

As on March 31, 2023, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

## 13. ISSUE OF DEBENTURES, BONDS AND ANY OTHER NON-COVERTIBLE SECURITIES/WARRANTS

During the year under review, the Company has not issued any debentures, bonds and any other non-convertible securities nor Company has issued any warrants.

ICRA Limited			
Instrument Type	Size of Issue (₹ in Cr.)	Rating Outlook	Rating action
Long Term Cash Credit	39.00	[ICRA]A- (Stable)	Reaffirmed
Long Term/Short Term – Bank Guarantee & LC	71.00	[ICRA]A (Stable)/[ICRA]A2+	Reaffirmed

## 15. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to the financial statements. The Board reviews the internal control systems at regular intervals internally, the adequacy of internal audit function and significant internal audit findings with the management and update the same to the Audit Committee for their review and recommendation to the Board.

## 16. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Composition of Board of Directors

The composition of Board of Directors of the Company as on March 31, 2023 is as follows:

Name of Director	DIN	Category
Sharad Virji Shah	00622001	Promoter, Chairman & Non-Executive Non-Independent Director
Munjal Sharad Shah	01080863	Promoter, Managing Director
Shilpa Amit Mahajan	01087912	Whole-Time Director
Manmohan Handa	06942720	Non-Executive Independent Director
Hina Amol Gokhale	08712659	Non-Executive Independent Director
Suresh Katyal	08979402	Non-Executive Independent Director

### Re-appointment

Pursuant to the provisions of Regulation 17(1)A of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, Mr. Sharad Virji Shah (DIN:00622001), Chairman and Non- Executive Director of the Company, who attained the age of 75 years on December 18, 2022 was reappointed by the Board of Directors of the Company at their meeting held on September 02, 2022 and by the shareholders of the Company on September 27, 2022 to continue and to hold his office of Chairman and Non-Executive Director of the Company, even after attaining the age of 75 years.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Shilpa Amit Mahajan (DIN: 01087912), Whole-Time Director, retires by rotation at the forthcoming fourteenth Annual General Meeting and being eligible has offered herself for re-appointment.

### Resignation

Pursuant to the provisions of Section 168 of the Companies Act, 2013 read with applicable regulations of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, Mr. Sunil Kumar

Sharma (DIN: 03614952) has resigned from the position of Non-Executive Independent-Director of the Company w.e.f. December 10, 2022.

Apart from the above, there was no other change in the composition of the Board of Directors during the period under review.

### KEY MANAGERIAL PERSONNEL (KMP)

Name of Key Managerial Personnel	Category
Munjal Sharad Shah	Managing Director
Shilpa Amit Mahajan	Whole-Time Director
Harsh Dharendra Bhansali	Chief Financial Officer
*Hemalkumar Hiranbhai Sagalia	Company Secretary & Compliance Officer

\* During the year under review, upon recommendation of nomination and remuneration committee the Board has appointed Mr. Hemalkumar Hiranbhai Sagalia as the Company Secretary and Compliance Officer of the Company w.e.f. March 29, 2023. This appointment was made following the unfortunate passing of the former Company Secretary and Compliance Officer, Mr. Ajit K. Sharma, on December 16, 2022.

Apart from the above, there was no other change in the composition of the Key Managerial Personnel during the period under review.

### DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Company has received necessary declarations and disclosures from the Independent Directors under Section 149(7) and Section 184(1) of the Companies Act, 2013 stating that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and under the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and disclosing their interest in form MBP-1. All the Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Board of the Company has taken the disclosures on record after verifying the due veracity of the same. In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act. All the Independent Directors of the Company are also registered with the databank

of Independent Directors as required under the provisions of the Companies Act, 2013.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

The Directors and the senior management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel during the year under review.

## BOARD AND COMMITTEE MEETINGS

### Board Meetings

The Board of Directors met Nine (9) times during the financial year under review. The details of the Board meetings and attendance of each Director thereat are provided in the Corporate Governance Report forming part of the Annual Report as Annexure - 2.

### Committees of the Board

The Company has Five (5) Board-level Committee(s), which have been established in compliance with the provisions of the Act and SEBI Listing Regulations:

#### I. AUDIT COMMITTEE

The Company's Audit Committee composition is in line with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise. The composition, terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report. During the year under review, all the recommendations of the Audit Committee in terms of its Charter were considered positively by the Board of Directors of your Company.

#### II. OTHER COMMITTEES

The details of other Committees of the Board are given under the Report on Corporate Governance section forming part of this Annual Report and the list of committees of the Board is also available on the website of the Company [viz. www.parasdefence.com](http://www.parasdefence.com)

## 17. COMPLIANCE WITH SECRETARIAL STANDARD

During the period from April 01, 2022 to March 31, 2023, the Company complied with the Secretarial Standard - 1 and Secretarial Standard - 2, issued by the Institute of Company Secretaries of India.

## 18. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company's Sustainability, Environment, Social and Governance Reporting is provided separately as part of the Annual Report.

The brief outline of the Company's CSR initiatives undertaken during the year under review is furnished in Annexure-3 in

the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. The Company's CSR Policy is placed on the website of the Company <https://www.parasdefence.com/policies/>

The brief terms of reference, particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

## 19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions are placed before the Audit Committee for their review and approval. Prior Omnibus approval is obtained before the commencement of the new financial year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen (subject to financial limit). A statement of all related party transactions is presented before the Audit Committee on a quarterly basis specifying the nature, value and terms & conditions of the transactions. All transactions entered with related parties were in compliance with the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder and the Listing Regulations

All the transactions with related parties are in the ordinary course of business and on arm's length basis. The details of the transactions entered into between the Company and the related parties under Section 188 of the Companies Act, 2013 are given in AOC - 2 is enclosed as Annexure - 4 to this report.

The Disclosures as required under Indian Accounting Standard - 24 (Ind AS-24) "Related Party Disclosures" notified under Rule 7 of the Companies (Accounts) Rules, 2014 have been provided in Notes forming part of the Standalone Financial Statements.

## 20. PARTICULARS OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND EMPLOYEES AND DISCLOSURES IN BOARD'S REPORT

The information required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in this Report. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the members excluding the certain information covered under aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure - 5 is related to any Director of the Company.

The disclosure on remuneration of Directors, Key Managerial Personnel and employees as required under the Companies Act, 2013 and Rules made thereunder is enclosed as Annexure - 5 to this Report.

## 21. MANAGEMENT DISCUSSION AND ANALYSIS

In terms of provisions of Regulation 34(2)(e) and schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) a Management Discussion & Analysis Report is enclosed as Annexure - 6 to this Report.

## 22. BOARD EVALUATION

Pursuant to provisions of section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and in terms of framework of Nomination and Remuneration Policy, the Nomination and Remuneration Committee and Board of Directors have carried out annual performance evaluation of the Directors.

## 23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - 7 to this report.

## 24. AUDITORS

### I. Statutory Auditors

Members of the Company at the AGM held on September 28, 2018, approved the appointment of M/s. Chaturvedi & Shah LLP, Chartered Accountants (FRN: 101720W/W1003555) ('C&S'), as the statutory auditors of the Company for a period of five years commencing from the conclusion of the 9<sup>th</sup> AGM held on September 28, 2019 until the conclusion of 14<sup>th</sup> AGM of the Company to be held in the year 2023.

In terms of the provisions of the Companies Act, 2013, an audit firm acting as the statutory auditor of a company is eligible to be appointed as statutory auditors for two terms of five years each. The first term of C&S as statutory auditors of the Company expires at the conclusion of the 14<sup>th</sup> AGM of the Company scheduled to be held on September 29, 2023. Considering their performance as auditors of the Company during their present tenure, the Audit Committee of the Company, after due deliberation and discussion, recommended the re-appointment of C&S as statutory auditors of the Company for a second term of five years to hold office from the conclusion of the 14<sup>th</sup> AGM to be held on September 29, 2023 till the conclusion of the 19<sup>th</sup> AGM of the Company to be held in the year 2028. Further the remuneration for the tenure of their second term as Statutory Auditors shall be mutually agreed between the Board of Directors and C&S, from time to time.

The above proposal forms part of the Notice of the AGM for your approval. The report of the Statutory Auditor forms part of this Annual Report 2022-23.

The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors did not report any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### II. Cost Auditor

The provisions of section 148 of the Companies Act, 2013 for maintaining the Cost Records are applicable to the Company.

Accordingly, the Company is maintaining the Cost Records as specified by the Central Government under the Rules made there under section 148 of the Companies Act, 2013. Pursuant to the provisions of section 148(3) of the Companies Act, 2013, the Board of Directors had appointed M/s. Dinesh Jain & Company, Cost Accountant, Mumbai (FRN: 100583), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2023. A proposal for ratification of remuneration of the Cost Auditors is placed before the shareholders.

### III. Secretarial Auditors

During the year under review, the Board of Directors had appointed M/s. DM & Associates, Company Secretaries LLP (RN: L2017MH003500), Practicing Company Secretaries in place of M/s. Sawant & Associates, Practicing Company Secretary, as the secretarial auditors to conduct secretarial audit of the Company for the financial year 2022-23. The secretarial audit report in form MR-3 as issued by them is enclosed as Annexure - 8 to this Report. The comments provided by them are self-explanatory and hence does not require comments from the Board.

The Secretarial Audit was not applicable to any of the subsidiaries of the Company during the year under review.

### IV. Internal Auditor

M/s. Shaparia Mehta & Associates LLP, Independent Chartered Accountant Firm, has been re-appointed as its Internal Auditor for conducting the internal audit functions of the Company and submitted their report thereon for the financial year 2022-23 to the Board and committee for its review.

## 25. STATUTORY AUDITORS' REPORT

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, "with an unmodified opinion", as given by the Statutory Auditors, is disclosed in the Financial Statements forming part of this Annual Report. The Auditors' Report is unmodified and there are no qualifications or adverse remarks in their Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review.

## 26. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the Auditors (Statutory Auditors and Secretarial Auditors) in their report. Hence, no comments are offered by the Board of Directors.



## 27. ANNUAL RETURN

In compliance with Section 92(3) of the Companies Act, 2013 read with section 134(3) of the Companies Act, 2013 the Annual Return of the Company as on March 31, 2023 will be available on the website of the Company at <https://www.parasdefence.com/annual-returns/>.

## 28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2023 and of the profit of the Company for that period;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 29. HUMAN RESOURCES / INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company provides regular training to employees to improve skills. Your company has put in place a performance appraisal system that covers all employees. Your Company had 404 permanent employees as on March 31, 2023 while the count was 182 as on March 31, 2022.

## 30. CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Act, and as stipulated under the SEBI Listing Regulations. A separate section on corporate governance under the SEBI Listing Regulations, along with the certificate from the Practicing Company Secretary confirming the compliance, is enclosed as Annexure - 2D of this report.

## 31. COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

Your Company has adopted a policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under section 178(3) of the Companies Act, 2013.

## 32. RISK MANAGEMENT POLICY

In line with regulatory requirements, the Company has framed risk management policy to identify and access with the regulatory risk areas and a risk mitigation process. A detailed exercise is being carried out at regular interval to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

## 33. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT A WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT 2013

The Company is committed to provide a healthy environment to all the employees and thus does not tolerate any sexual harassment at workplace. The Company has in place, "Policy on prevention, Prohibition and Redressal of Sexual Harassment." The policy aims to provide protection to employees at the workplace and preventing and redressing complaints of sexual harassment and it covers matters connected or incidental thereto. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review the Company has not received any compliant of sexual harassment.

## 34. WHISTLE BLOWER POLICY / VIGIL MECHANISM

Pursuant to Section 177(9) read with Regulation 22 of the SEBI Listing Regulations, your Company has duly established Whistle Blower Policy /Vigil Mechanism Policy ("Policy") to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct. functioning of the Policy is reviewed by the Audit Committee / Board on periodical basis. During the financial year ended March 31, 2023, the Company has not received any complaint under the Whistle Blower Policy of the Company.

## 35. CODE OF CONDUCT

The Board of Director has approved a Code of Conduct which is applicable to the members of the Board of Directors and Senior Management Personnel. It is confirmed that all Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2022-23.

### 36. POLICIES AND DISCLOSURE REQUIREMENTS

In terms of provisions of the Companies Act, 2013 and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the following Policies. The policies are available on Company's website – <https://www.parasdefence.com/policies/>.

### 37. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

The Company has provided BRSR in lieu of Business Responsibility Report and the same is in line with the SEBI requirement based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' notified by Ministry of Corporate Affairs (MCA). Pursuant to the provisions of Regulation 34 of the Listing Regulations, the said report is attached separately, which forms part of this Annual Report.

### 38. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year there were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

### 39. ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. Your Board also wishes to place on record its sincere appreciation for the wholehearted support received from members, clients, bankers and all other business associates. We look forward to continued support of all these partners in progress.

For and on behalf of the Board of Directors

**Paras Defence and Space Technologies Limited**

**Sharad Virji Shah**

Chairman & Non- Executive Director

DIN: 00622001

Date: September 04, 2023

Place: Navi Mumbai

**Registered Office Address:**

D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706

Tel. No. +91-22-6919 9999

Fax No. +91-22-6919 9990

E-mail: [business@parasdefence.com](mailto:business@parasdefence.com)

Website: [www.parasdefence.com](http://www.parasdefence.com)

CIN:L29253MH2009PLC193352

**Munjal Sharad Shah**

Managing Director

DIN: 01080863

# ANNEXURE - 1

## FORM AOC - 1

[Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

### Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

#### Part A - Subsidiaries

(Amount in ₹)

Particulars	Details				
	Paras Green Optics Private Limited	Opel Technologies Pte. Ltd.	Paras Aerospace Private Limited	Paras Anti-Drone Technologies Private Limited	Ayatti Innovative Private Limited
Name of the subsidiary	Indian WOS	Foreign WOS	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	Reporting Currency: USD Exchange Rate as on 31.03.2023: 1 USD = ₹ 82.2169	NA	NA	NA
Share capital	1,00,000	6,002	1,01,00,000	1,00,000	2,62,00,000
Reserves & surplus	1,36,010	1,08,18,417	1,08,880	17,15,109	3,30,12,755
Total assets	4,84,910	11,49,93,611	10,39,45,230	47,67,001	7,35,67,810
Total Liabilities	2,48,900	10,41,69,192	9,37,36,350	29,51,892	8,03,80,565
Investments	-	-	2,00,510	-	-
Revenue from operations	3,72,600	27,90,88,696	6,40,54,130	55,39,409	-
Profit before tax	64,260	46,21,380	13,56,750	18,13,990	(53,64,155)
Provision for tax	16,173	3,86,199	(25,590)	4,60,978	2,22,095
Profit after tax	48,087	42,35,181	13,82,340	13,53,012	(55,86,250)
Proposed Dividend	-	-	-	-	-
% of shareholding	100%	100%	60%	55%	58.02%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: N.A.
- Names of subsidiaries which have been liquidated or sold during the year: N.A.

**Part B - Associate and Joint Ventures**

(Amount in ₹)

Particulars	Details
Name of the Associate	Krasny Paras Defence Technologies Private Limited
Latest audited Balance Sheet Date	31.03.2023
Reporting period for the Associate concerned, if different from the holding company's reporting period	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign Associates	Not Applicable
Share capital	1,10,00,000
Reserves & surplus	(28,52,430)
Total assets	1,11,94,690
Total Liabilities	30,47,120
Investments	-
Revenue from operations	41,64,555
Loss before tax	(26,46,615)
Provision for tax	1,17,933
Loss after tax	(27,64,548)
Proposed Dividend	-
% of shareholding	47.50%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of Associates which are yet to commence operations - N.A.
- Names of Associates which have been liquidated or sold during the year – N.A.

For and on behalf of the Board of Directors

**Paras Defence and Space Technologies Limited****Sharad Virji Shah**

Chairman & Non - Executive Director  
DIN: 00622001

**Munjal Sharad Shah**

Managing Director  
DIN: 01080863

**Harsh Dharendra Bhansali**

Chief Financial Officer

**Hemalkumar Hiranbhai Sagalia**

Company Secretary & Compliance Officer  
FCS: 7620

Date: September 04, 2023

Place: Navi Mumbai

# ANNEXURE - 2

## CORPORATE GOVERNANCE REPORT

### FOR THE YEAR 2022-23

[As required under Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Pursuant to Regulation 15 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“SEBI Listing Regulations”), Regulations 2015, the company hereby discloses the compliances to the best extent possible in this Corporate Governance report, which shall be forming part of Annual report for the Financial Year 2022 - 23. In accordance with the provisions of the SEBI Listing Regulations the report containing the details of Corporate Governance systems and processes of the Company is as follows together with Auditor’s Certificate annexed to this Report, on compliance with the conditions of corporate governance laid down are presented in the report on Corporate governance for the year ended March 31, 2023. Corporate governance provides that a Company is directed in such a way that it performs efficiently and effectively, keeping in view the long-term interest of the shareholders, while respecting Laws and regulations of land and contributing, as responsible corporate citizens to the nationals exchequers.

### COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company continue to remain committed to adhering to good corporate governance practices by maintaining the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations and in all its interactions with its stakeholders.

Your Company’s Corporate Governance framework is all about maintaining valuable relationship and trust with all stakeholders. We ensure that timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements, leadership and governance of the company are shared with all the stakeholders. It encourages co-operation between the Company and the stakeholders for better participation in the Corporate Governance processes.

Your Company continues to believe that good corporate governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders.

### BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by shareholders for overseeing the company’s overall functioning. The Board of Directors function in accordance with the powers delegated under the Companies Act, 2013, SEBI Listing Regulation and Memorandum & Articles of Association as applicable to the Company.

#### (a) Composition of the Board

The Board comprises of 6 Directors which includes a Chairman & Non-Executive Director, a Managing Director, 1 Whole-time Director, 3 Non-Executive Independent Directors. None of the Directors on the Board is a member of more than 10 committees or acts as Chairman of more than 5 committees across all listed Companies and unlisted public limited Companies in which he/ she is a Director.

#### (b) Attendance of Directors at Board Meetings during the financial year ended March 31, 2023 and at the last Annual General Meeting (AGM)

Name of the members	Meeting Date									Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance	Attended last AGM held on 27.09.2022
	20.05.2022	20.05.2022	28.06.2022	03.08.2022	20.08.2022	02.09.2022	12.11.2022	09.02.2023	29.03.2023				
Sharad Virji Shah	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	9	8	88.89	No
Munjal Sharad Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9	9	100	Yes
Shilpa Amit Mahajan	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	9	8	88.89	Yes
*Sunil Kumar Sharma	Yes	Yes	Yes	Yes	Yes	No	Yes	-	-	7	6	85.71	Yes
Manmohan Handa	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9	9	100	Yes
Hina Amol Gokhale	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9	9	100	Yes
Suresh Katyal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9	9	100	Yes

\*Mr. Sunil Kumar Sharma, Non-Executive Independent Director resigned from his post w.e.f. December 10, 2022.

**(c) Details of Directorships and board committee memberships and number of shares held as on March 31, 2023**

Name	Category	No. of other Directorship and Committee Chairmanship(s)/ Membership(s)			Particulars of Directorship in other listed entities	No. of shares held
		Directorship	Chairmanship	Membership		
Sharad Virji Shah (DIN: 00622001)	Chairman, Promoter Non – Executive Non - Independent Director	0	0	0	NA	72,74,840
Munjhal Sharad Shah (DIN: 01080863)	Promoter, Managing Director	0	0	0	NA	98,58,137
Shilpa Amit Mahajan (DIN: 01087912)	Whole-Time Director	0	0	0	NA	7,00,000
*Sunil Kumar Sharma (DIN: 03614952)	Non – Executive Independent Director	1	2	2	Astra Microwave Products Limited	0
Manmohan Handa (DIN: 06942720)	Non – Executive Independent Director	0	0	0	NA	0
Hina Amol Gokhale (DIN: 08712659)	Non – Executive Independent Director	0	0	0	NA	0
Suresh Katyal (DIN: 08979402)	Non – Executive Independent Director	0	0	0	NA	0

\*Mr. Sunil Kumar Sharma, Non-Executive Independent Director resigned from his post w.e.f. December 10, 2022.

**WEBLINK OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS**

The web link for familiarisation programmes imparted to Independent Directors is as follows:

<https://www.parasdefence.com/policies/>

**CORE COMPETENCIES OF DIRECTORS**

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The Board provides an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board periodically evaluates the need for change in its composition and size.

As required under the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, the Board of Directors have identified the following core skills / expertise / competencies as required in the context of its business and sector for it to function effectively.

Core skills / expertise / competencies
General Business / Industry awareness
Functional Knowledge / General Management / Administration
Communication and collaborative approach

The Board collectively has the abovementioned skills / expertise / competence. The names of directors and the skills they possess are given below:

Name of the Director	General Business / Industry awareness	Functional knowledge / General Management / Administration	Communication and Collaborative approach
Sharad Virji Shah	√	√	√
Munjhal Sharad Shah	√	√	√
Shilpa Amit Mahajan	√	√	√
Manmohan Handa	√	√	√
Hina Amol Gokhale	√	√	√
Suresh Katyal	√	√	√

**AUDIT COMMITTEE**

The Audit Committee's role is to assist the Board to fulfil its corporate governance and overseeing responsibilities in relation to the Company's financial reporting process carried out by the Management, internal control system, risk management system and internal and external audit functions.

**COMPOSITION**

As on March 31, 2023 the Audit committee comprised the following members:

<b>Name of Members</b>	<b>Category</b>	<b>Designation</b>
Manmohan Handa	Non-Executive Independent Director	Chairman
Suresh Katyal	Non-Executive Independent Director	Member
Munjal Sharad Shah	Managing Director	Member

**Terms of Reference of the Audit Committee are as follows:**

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of subsection 3 of section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Modified opinion(s) in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters;
- m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors of any significant findings and follow up thereon;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters of where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) To establish and review the functioning of the whistleblower mechanism;

- t) Approval of appointment of Chief Financial Officer (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, and background, etc. of the candidate;
- u) Carrying out any other terms of reference as may be decided by the Board or specified/provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority;
- v) Review of (1) management discussion and analysis of financial condition and results of operations; (2) management letters/letters of internal control weaknesses issued by the statutory auditors; (3) internal audit reports relating to internal control weaknesses; (4) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
- w) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision and
- x) Review the compliance of the provision of Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal controls are adequate and operating sufficiently and forward the said report with the comments/observations to the Board of Directors of the Company.

### MEETINGS AND ATTENDANCE

During the financial year 2022-23 seven (7) meetings of the Audit Committee were held and details including attendance of members of the Committee are as follows:

Name of the members	Meeting Date							Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance
	20.05.2022	03.08.2022	20.08.2022	02.09.2022	12.11.2022	09.02.2023	29.03.2023			
Manmohan Handa	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	100
*Sunil Kumar Sharma	Yes	Yes	Yes	No	Yes	-	-	5	4	80
Munjal Sharad Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	100
#Suresh Katyal	-	-	-	-	-	Yes	Yes	2	2	100

\* Sunil Kumar Sharma, Non-Executive Independent Director of the Company resigned w.e.f. December 10, 2022.

# Suresh Katyal appointed as member of the Audit Committee w.e.f. December 28, 2022.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company have formed a Corporate Social Responsibility ('CSR') Committee. The Committee has framed a Corporate Social Responsibility Policy, the purpose of which is to articulate what CSR means to the Company, kind of projects to be undertaken, identifying broad areas of intervention, approach to be adopted to achieve the CSR goals and monitoring mechanism. The framework enables to put in place, policies and practices in line with this Policy. The CSR Policy is an attempt to showcase the linkage of the Company's social objectives with business strategy.

### COMPOSITION

As on March 31, 2023 the Corporate Social Responsibility Committee comprised the following members:

Name of Members	Category	Designation
Munjal Sharad Shah	Managing Director	Chairman
Hina Amol Gokhale	Non-Executive Independent Director	Member
Manmohan Handa	Non-Executive Independent Director	Member



## MEETINGS AND ATTENDANCE

During the financial year 2022-23 two (2) meetings of the Corporate Social Responsibility Committee were held and details including attendance of members of the Committee are as follows:

Name of the members	Meeting Date		Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance
	05.09.2022	09.02.2023			
Munjal Sharad Shah	Yes	Yes	2	2	100
*Shilpa Amit Mahajan	Yes	-	1	1	100
Manmohan Handa	Yes	Yes	2	2	100
<sup>§</sup> Hina Amol Gokhale	-	Yes	1	1	100

\*Shilpa Amit Mahajan ceased to act as a member of the Corporate Social Responsibility Committee w.e.f. November 12, 2022.

<sup>§</sup>Hina Amol Gokhale appointed as member of the Corporate Social Responsibility Committee w.e.f. November 12, 2022.

## NOMINATION AND REMUNERATION COMMITTEE

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, the terms of reference of the Committee include the following namely formulation of criteria for determining qualifications, positive attributes and independence of director, recommending to the Board a policy relating to remuneration of directors, key managerial personnel and other employees, formulation of criteria for evaluation of directors performance, devising a policy on Board diversity, identifying persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal and also recommend to the Board remuneration payable to Senior Management.

### COMPOSITION

As on March 31, 2023 the Nomination and Remuneration Committee comprised the following members:

Name of Members	Category	Designation
Manmohan Handa	Non-Executive Independent Director	Chairman
Sharad Virji Shah	Non-Executive Non-Independent Director	Member
Suresh Katyal	Non-Executive Independent Director	Member

## MEETINGS AND ATTENDANCE

During the financial year 2022-23 three (3) meeting of the Nomination and Remuneration Committee was held and details including attendance of members of the Committee are as follows:

Name of the members	Meeting Date			Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance
	07.05.2022	02.09.2022	29.03.2023			
Manmohan Handa	Yes	Yes	Yes	3	3	100
*Sunil Kumar Sharma	Yes	No	-	2	1	50
Sharad Virji Shah	Yes	Yes	Yes	3	3	100
<sup>§</sup> Suresh Katyal	-	-	Yes	1	1	100

\*Sunil Kumar Sharma, Non-Executive Independent Director of the Company resigned w.e.f. December 10, 2022.

<sup>§</sup>Suresh Katyal appointed as member of the Nomination and Remuneration Committee w.e.f. December 28, 2022.

## SEPARATE INDEPENDENT DIRECTORS MEETING

Pursuant to Schedule IV of the Companies Act, 2013 and as per Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of Independent Directors of the Company was held on Saturday, November 12, 2022. The agenda was to review the performance of Non-Independent Directors, the Chairperson, the entire Board and Committees thereof, quality, quantity and timeliness of the flow.

## PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The criteria for evaluation of the Independent Directors' is attendance, participation in deliberations, understanding the Company's business and that of the industry and guiding the Company in decisions affecting the business and additionally based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013 and fulfilment of independence criteria and independence from management. The Board carried out evaluation of the performance of the Independent Directors on the basis of the criteria laid down. The evaluation was done by the Board of Directors except the Director who was evaluated.

## STAKEHOLDER RELATIONSHIP COMMITTEE

The Committee looks into redressal of grievances of the investors namely shareholders. The Committee deals with grievances pertaining to non-receipt of annual report, non-receipt of dividend, dematerialization /rematerialisation of shares, complaint letters received from Stock Exchanges, SEBI, etc. The Board of Directors has delegated the power of approving transmission of shares.

### COMPOSITION

As on March 31, 2023 the Stakeholder Relationship Committee comprised the following members:

Name of Members	Category	Designation
Sharad Virji Shah	Non-Executive Non-Independent Director	Chairman
Munjali Sharad Shah	Managing Director	Member
Suresh Katyal	Non-Executive Independent Director	Member

### MEETINGS AND ATTENDANCE

During the financial year 2022-23 two (2) meetings of the Stakeholder and Relationship Committee were held and details including attendance of members of the Committee are as follows:

Name of the members	Meeting Date		Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance
	20.05.2022	03.08.2022			
Sharad Virji Shah	Yes	Yes	2	2	100
Munjali Sharad Shah	Yes	Yes	2	2	100
*Manmohan Handa	Yes	Yes	2	2	100

\*Manmohan Handa, Non-executive Independent Director ceased to act as a member of the Stakeholder and Relationship Committee w.e.f. November 12, 2022 in his place Mr. Suresh Katyal, Non-executive Independent Director was appointed as a Member w.e.f. November 12, 2022.

## NAME AND DESIGNATION OF COMPLIANCE OFFICER

The Board of Directors has appointed Mr. Hemalkumar Hiranbhai Sagalia, Company Secretary as Compliance officer in terms of Regulation 6 of SEBI Listing Regulations.

### SHAREHOLDER GRIEVANCES

Complaints received during the year	No. of complaint disposed of during the year	Complaints pending for resolution
14	14	0

## RISK MANAGEMENT COMMITTEE

In accordance with Regulation 21 of the SEBI Listing Regulations, the terms of reference of the Committee include the following namely formulation of detailed risk management policy, ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems, periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity recommendations and actions to be taken etc.

### COMPOSITION

As on March 31, 2023 the Risk Management Committee comprised the following members:

Name of Members	Category	Designation
Sharad Virji Shah	Non-Executive Non-Independent Director	Chairman
Munjali Sharad Shah	Managing Director	Member
Shilpa Amit Mahajan	Whole-Time Director	Member
Manmohan Handa	Non-Executive Independent Director	Member

## MEETINGS AND ATTENDANCE

During the financial year 2022-23 two (2) meeting of the Risk Management Committee was held and details including attendance of members of the Committee are as follows:

Name of the members	Meeting Date		Total Meetings held during the tenure	No. of Meetings Attended	% of Attendance
	05.09.2022	09.02.2023			
Sharad Virji Shah	Yes	Yes	2	2	100
Munjal Sharad Shah	Yes	Yes	2	2	100
Shilpa Amit Mahajan	Yes	Yes	2	2	100
Manmohan Handa	Yes	Yes	2	2	100

## REMUNERATION OF DIRECTORS

### Pecuniary Relationship with Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive and Independent Directors other than payment of sitting fees to them for attending Board and Committee Meetings and Commission paid, if any, as approved by Members for their invaluable services to the Company.

### Criteria for making payments to Non-Executive Directors

The Non-Executive Independent Directors are entitled to receive sitting fees for attending the Meetings of the Board and various Committees of the Board of which they are members as well as commission on net profits of the Company, as approved by the Members. As on March 31, 2023, your Company was making the payment of Sitting Fees as under:

Meetings	Sitting Fees
Meeting of the Board and Committees	₹ 50,000/- per Board/ Committee Meeting

The Company also reimburses the out-of-pocket expenses incurred by the Non-Executive Directors for attending Meetings. No payment by way of bonus, pension, incentives, stock options etc. was made to Non-Executive Directors.

### Remuneration Paid to Directors

Remuneration as per Terms of Service paid to Managing Director and Whole-Time Director during the year 2022-23:

Name of Directors	Salary	Total
Munjal Sharad Shah	69,00,000	69,00,000
Shilpa Amit Mahajan	24,45,311	24,45,311

(Amount in ₹)

#### 1. Munjal Sharad Shah (DIN: 01080863)

Service Contract: Five years commencing from March 15, 2019 to March 14, 2024

Notice Period: NA

Severance fees: Not Applicable

#### 2. Shilpa Amit Mahajan (DIN: 01087912)

Service Contract: Five years commencing from September 28, 2018 to September 27, 2023

Notice Period: NA

Severance fees: Not Applicable

The total remuneration paid to the Promoter Executive Directors during the financial year was in accordance with the approval obtained under Regulation 17(6) (e) of the SEBI Listing Regulations, as amended.

The sitting fees, commissions paid/payable to Non-Executive Directors during the financial year 2022-23 and their shareholding in the Company as on March 31, 2023 as under:

Non-Executive Directors	Board & Committee Fees	Total	No. of shares held
Sharad Virji Shah	6,00,000	6,00,000	72,74,840
*Sunil Kumar Sharma	4,00,000	4,00,000	0
Manmohan Handa	6,00,000	6,00,000	0
Hina Amol Gokhale	6,00,000	6,00,000	0
Suresh Katyal	6,00,000	6,00,000	0

(Amount in ₹)

\*Sunil Kumar Sharma, Non-Executive Independent Director of the Company resigned w.e.f. December 10, 2022.

## GENERAL BODY MEETINGS

Location and time where last three Annual General Meetings were held:

Date	Location	Time
November 17, 2020	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706	11:30 A.M.
September 18, 2021	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706	1:00 P.M.
September 27, 2022	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706	12:00 Noon

The following Special Resolutions were passed in Annual General Meetings held during last three years-

Date	November 17, 2020	September 18, 2021	September 27, 2022
Meeting No.	11 <sup>th</sup> Annual General Meeting	12 <sup>th</sup> Annual General Meeting	13 <sup>th</sup> Annual General Meeting
<b>Special Resolution</b>	No special resolution has been passed.	<ol style="list-style-type: none"> <li>Revision in terms of appointment of Mr. Munjal Sharad Shah (DIN:01080863), Managing Director</li> <li>Ratification of remuneration payable to Mrs. Shilpa Amit Mahajan (DIN: 01087912) Whole-Time Director</li> <li>Revision in salary to Mr. Anish Mehta, Director's relative holding place of profit in the Company</li> </ol>	<ol style="list-style-type: none"> <li>Reclassification of the Authorised Share Capital and subsequent alteration of Memorandum of Association (MOA) of the Company.</li> <li>To consider and approve the alteration of article of association of the Company.</li> <li>Revision in salary payable to Mr. Anish Mehta, director's relative holding place of profit in the company.</li> <li>Revision in salary payable to Mr. Amit Navin Mahajan, Director's relative holding place of profit in the company.</li> <li>Revision in Remuneration payable to Mr. Harsh Dharendra Bhansali, Chief Financial Officer of the company.</li> <li>Revision in salary payable to Mrs. Kaajal Bhansali, Director's relative holding place of profit in the company.</li> <li>Approval for continuation of Directorship of Mr. Sharad Virji Shah (DIN: 00622001), Chairman and Non-executive Director of the company after attaining the age of 75 years.</li> </ol>

## POSTAL BALLOT THROUGH E-VOTING

During the financial year under review, the following Special Resolution was passed by the Shareholders by requisite majority by way of postal ballot through e-voting. The Board of Directors of the Company appointed Ms. Prachi Prakash Sawant, of M/s. Sawant and Associates, Practicing Company Secretary, as the Scrutinizer for scrutinizing the postal ballot through e-voting. Brief details pertaining to the said postal ballot are provided below:

Special Resolution	Variation in terms of objects of the issue
Date of Postal Ballot Notice	March 31, 2022
Period of e-voting	April 04, 2022 to May 03, 2022
Date of declaration of result	May 04, 2022

## MEANS OF COMMUNICATION

### a) Calendar of financial year ended March 31, 2023

The Company follows April-March as the financial year. The meetings of the Board of Directors for approval of quarterly and annual financial results for the financial year ended March 31, 2023, were held on the following dates:

Sr. No.	Particulars	Date
1.	Quarter ended June 30, 2022	August 03, 2022
2.	Quarter ended September 30, 2022	November 12, 2022
3.	Quarter ended December 31, 2023	February 09, 2023
4.	Quarter ended March 31, 2023	May 16, 2023

### b) Quarterly, Half-yearly and Annual Results

Quarterly, half-yearly and annual financial results of the Company are published in widely circulated national newspapers, as per the details given below:

Name of the Newspaper	Region	Language
Business Standard- All editions	Mumbai	English
Business Standard- All editions	Mumbai	Hindi
Freepress Journal	Mumbai	English
Navshakti	Mumbai	Marathi

Unaudited Quarterly results along with Limited Review Report have been uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with Regulation 33 of the SEBI Listing Regulations as well as published in leading newspapers, Business Standard (English Language national daily newspaper circulating all over India), Business Standard (Hindi) Free Press (Marathi), Navshakti (Marathi) in terms of Regulation 47 of the said Regulations. The quarterly results have been simultaneously posted on the website of the Company at <https://www.parasdefence.com/financials/>.

### c) Annual Reports and Annual General Meetings (AGM)

The Notice of the AGM along with the Annual Report for financial year 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Annual Report is also available on the Company's website at <https://www.parasdefence.com/financials/>. However, Members desiring a physical copy of the Annual Report for Financial Year 2022-23, may either write to us or email us on [cs@parasdefence.com](mailto:cs@parasdefence.com) to enable the Company to dispatch a copy of the same. Please include details of Folio No./DP ID and Client ID and holding details in the said communication.

### d) News Releases, Presentations, etc.

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website at <https://www.parasdefence.com/Investor-Presentation-Meeting/>. Official media releases sent to the Stock Exchanges are given directly to the press.

### e) Website

The Company has its own functional website <https://www.parasdefence.com/> as required by the SEBI Listing Regulations, wherein all information and documents relating to quarterly and annual audited financial results, annual reports, quarterly shareholding pattern and information required to be disclosed under Regulations 30 and 46 of the SEBI Listing Regulations, etc. are regularly updated.

All material events/information relating to the Company that could influence the market price of its securities or investment decisions are timely disclosed to the Stock Exchanges as per the Company's 'Policy for Determination of Materiality of Events or Information for Disclosure to the Stock Exchanges', framed in terms of Regulation 30(4)(ii) of the SEBI Listing Regulations. All disclosures under this Policy are also displayed on the Company's website <https://www.parasdefence.com/>

### f) SEBI Complaints Redressal System (SCORES)

A centralized web-based complaints redressal system, which serves as a centralized database of all complaints received by the concerned company and online viewing by the investors of actions taken on the complaint and its current status.

### g) E-mail Id for communication

Company's e-mail address: [cs@parasdefence.com](mailto:cs@parasdefence.com)

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

**Day & Date:** Friday, September 29, 2023

**Time:** 11:00 a.m.

**Venue:** The Company is conducting meeting through VC/OAVM pursuant to the MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of this AGM.

### Listing on Stock Exchanges

The equity shares of your company are listed on the following Stock exchanges:

#### National Stock Exchange of India Limited (NSE)

Exchange Plaza, Plot No. C/1, G Block, Bandra (E), Mumbai – 400051  
Symbol: PARAS

#### BSE Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001  
Scrip Code- 543367

#### International Securities Identification Number (ISIN)

INE045601015

**Corporate Identification Number (CIN):** L29253MH2009PLC193352

### Listing and Custodial Fees:

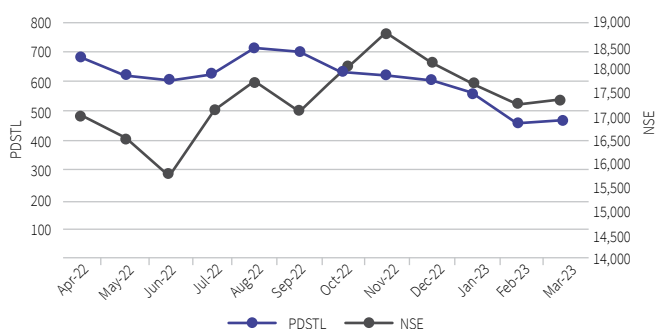
The Annual Listing Fee and Custodial fees for the financial year 2022-23 and 2023-2024 have been paid to both the above-mentioned Stock Exchanges and Depositories viz. CDSL and NSDL respectively.

## Market Price Data:

Month	NSE				BSE			
	High Price (₹)	Low Price (₹)	Close Price (₹)	Volume (No.) (in lakhs)	High Price (₹)	Low Price (₹)	Close Price (₹)	Volume (No.)
April, 2022	758.7	626.4	686.2	85,40,864	757.00	625.00	676.65	12,51,720
May, 2022	681.85	572.25	614.25	20,09,006	682.10	571.85	620.25	4,70,728
June, 2022	644	523.15	617.1	18,88,115	644.00	524.30	604.00	2,39,074
July, 2022	634	589	606.9	13,50,254	633.35	589.30	624.60	2,34,648
August, 2022	721.95	615.85	676.7	53,10,260	721.70	604.00	715.85	6,77,510
September, 2022	811	680.4	695.1	1,17,38,665	811.35	680.15	697.50	11,98,508
October, 2022	694.7	625	640.35	36,57,292	694.20	627.00	630.15	3,75,063
November, 2022	669	582.2	616.1	34,46,290	668.05	583.00	615.85	4,46,994
December, 2022	638.45	551.25	588.2	25,44,824	638.05	546.05	602.30	3,33,340
January, 2023	606	531.1	535.8	12,60,273	605.35	531.05	554.15	1,87,994
February, 2023	569.95	455.1	463.95	26,48,761	570.50	455.05	464.30	4,01,856
March, 2023	532	445.55	451.8	56,72,616	531.90	447.10	470.35	5,89,509

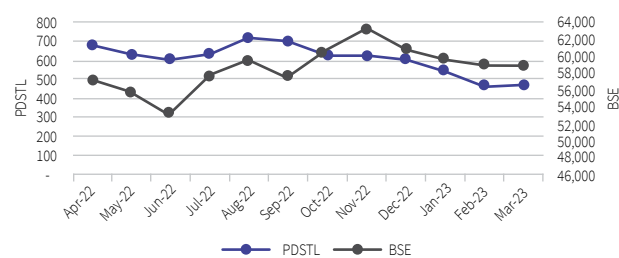
## Company's share price vis-à-vis NSE: (April 2022 to March 2023)

## Performance in comparison to NSE



## Company's share price vis-à-vis BSE Sensex: (April 2022 to March 2023)

## Performance in comparison to BSE Sensex



## Registrar &amp; Transfer Agents details

Link Intime India Private Limited  
C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar,  
Vikhroli West, Mumbai – 400083.  
Tel. No. +91-22-4918 6000  
Fax No. +91-22-4918 6060  
E-mail: demat@linkintime.co.in

## Distribution of Shareholding

Sr. No.	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1.	1 to 500	233246	99.1844	7926650	20.3247
2.	501 to 1000	1205	0.5124	919326	2.3572
3.	1001 to 2000	417	0.1773	622310	1.5957
4.	2001 to 3000	123	0.0523	313681	0.8043
5.	3001 to 4000	47	0.0200	168210	0.4313
6.	4001 to 5000	27	0.0115	126619	0.3247
7.	5001 to 10000	43	0.0183	337316	0.8649
8.	10001 to 9999999	56	0.0238	28585949	73.2972
<b>TOTAL</b>		<b>235164</b>	<b>100</b>	<b>39000061</b>	<b>100</b>

**Shareholding Pattern as on March 31, 2023**

Category of Shareholders	No. of Shares	% of Total shares
<b>1. PROMOTER</b>	22987250	58.94
<b>2. PUBLIC SHAREHOLDING</b>		
Clearing Members	17249	0.04
Other Bodies Corporate	1130530	2.90
Hindu Undivided Family	293719	0.75
Mutual Funds	814210	2.09
Foreign Nationals	108	0.00
Non-Resident Indians	252863	0.65
Public	12704934	32.58
Body Corporate- Limited Liability Partnership	404618	1.04
Foreign Portfolio Investors	206172	0.53
NBFCs registered with RBI	830	0.00
Alternative Investment Funds-III	187578	0.48
<b>Total (A+B)</b>	<b>39000061</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

100% shareholding of promoters and non-promoters is in dematerialised form.

Holding Type	No. of Shares	Share%
<b>Demat</b>		
CDSL	21667062	55.56
NSDL	17332999	44.44
<b>Physical</b>	0	0
<b>Total</b>	39000061	100

**Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

No GDRs/ ADRs/Warrants or any Convertible instruments has been issued by the Company.

**Locations of Plants**

- The registered & Corporate office of the Company is located at Nerul, Navi Mumbai, Maharashtra.
- The Defence and Space Optics and Defence Electronics divisions are operated from Nerul.
- The factory premise for Heavy Engineering Division is operated from Ambarnath, Maharashtra.
- Advance Electronics Business Unit is operated from Malleshwaram, Bangalore.
- Centre of Excellence for Defence and Space Optics is operated from Yelahanka, Bangalore.

**List of Credit Ratings**

The details of credit rating has been given in Directors' Report.

**OTHER DISCLOSURES****Materially Significant Related Party Transactions**

There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions

entered into with related parties during financial year 2022-23 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.

As required under Regulation 23 of SEBI Listing Regulations, the Company has adopted a policy on dealing with and materiality of Related Party Transactions has been placed on the Company's website and can be accessed at the following link: <https://www.parasdefence.com/policies/>.

**Details of Non-Compliance**

No penalties / strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-compliance of any laws on any matter related to capital markets, during the last three years.

**Details of Vigil Mechanism/Whistle Blower Policy**

The Company has a Board approved 'Whistle Blower Policy' for directors and employees to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It also provides safeguard against victimization of employees, who avail the mechanism and for direct access to the Chairman of the Audit Committee. No personnel of the Company had been denied access to the Chairman of audit committee. The Whistle Blower Policy is available at the weblink: - <https://www.parasdefence.com/policies/>

**Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)**

No preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) has been made.

**Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Sr. No.	Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year
1.	Nil	Nil	Nil

**CERTIFICATIONS****Certificate from Secretarial Auditor**

M/s. DM & Associates Company Secretaries & LLP, Practicing Company Secretaries have certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors, by the SEBI/Ministry of Corporate Affairs or any such other statutory authority (ies). The said certificate is enclosed to this report as Annexure - 2A.

**Declaration on affirmation with the Code of Conduct**

A declaration signed by Mr. Munjal Sharad Shah, Managing Director, stating that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, in accordance with Regulation 26(3) read with Para D of Schedule V of the SEBI Listing Regulations is enclosed to this report as Annexure - 2B.

**Certification By Managing Director/ Chief Financial Officer**

A certificate in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations signed by Mr. Munjal Sharad Shah, Managing Director and Harsh Dharendra Bhansali Chief Financial Officer. The said certificate is enclosed to this report as Annexure - 2C.

**Disclosures of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)**

Your Company has complied with all the mandatory requirements of the SEBI Listing Regulations including Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations and para (2) to (10) mentioned in part 'C' of Schedule V of the SEBI Listing Regulations during the year under review. Compliance certificate from M/s. DM & Associates Company Secretaries & LLP, Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance for the year ended March 31, 2023 in terms of Schedule V (E) of the SEBI Listing Regulations is enclosed to this report as Annexure - 2D.

For and on behalf of the Board of Directors

**Paras Defence and Space Technologies Limited****Sharad Virji Shah**

Chairman and Non- Executive Director  
DIN: 00622001

Date: September 04, 2023

Place: Navi Mumbai

**Munjal Sharad Shah**

Managing Director  
DIN: 01080863





# ANNEXURE - 2A

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

TO,  
THE MEMBERS,  
**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** having CIN L29253MH2009PLC193352 and having its Registered Office at D-112, TTC INDUSTRIAL AREA, MIDC, NERUL NAVI MUMBAI MH 400706 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director's Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1	MR. SHARAD VIRJI SHAH	00622001	16/06/2009
2	MR. MUNJAL SHARAD SHAH	01080863	16/06/2009
3	MRS. SHILPA AMIT MAHAJAN	01087912	25/06/2018
4	MR. MANMOHAN HANDA	06942720	08/01/2019
5	DR. HINA AMOL GOKHALE	08712659	01/04/2020
6	MR. SURESH KATYAL	08979402	05/01/2021

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Tribhuvneshwar Kaushik**

Partner

DM & Associates Company Secretaries LLP

Firm Registration Number: L2017MH003500

Membership No.: FCS 10607

CP No.: 16207

UDIN: F010607E000864889

Place: Mumbai

Date : 23-08-2023

# ANNEXURE - 2B

## DECLARATION ON CODE OF CONDUCT

[Pursuant to Part D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

TO,  
THE MEMBERS,

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706

I, Munjal Sharad Shah, Managing Director of Paras Defence and Space Technologies Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023.

Date: September 04, 2023

Place: Navi Mumbai

**Munjal Sharad Shah**

Managing Director

DIN: 01080863



## ANNEXURE - 2C

### CERTIFICATION BY MANAGING DIRECTOR / CHIEF FINANCIAL OFFICER

[Regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Munjal Sharad Shah, Managing Director and Harsh Dharendra Bhansali, Chief Financial Officer of Paras Defence and Space Technologies Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed financial statements, Statement of Changes in Equity and the statement of cash flows for the year and that to the best of their knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that –
  - (i) No significant changes in internal control over financial reporting during the year;
  - (ii) No significant changes in accounting policies during the year and
  - (iii) No instances of significant fraud of which we are and involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date: September 04, 2023

Place: Navi Mumbai

**Munjal Sharad Shah**

Managing Director

DIN:01080863

**Harsh Dharendra Bhansali**

Chief Financial Officer

# ANNEXURE - 2D

## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

[Secretarial Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

TO,  
THE MEMBERS,  
**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706

We have examined the compliance of conditions of corporate governance by **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** ("the Company") for the year ended March 31, 2023, as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Regulations**").

### Management's Responsibility:

The Compliance of the conditions of Corporate Governance is the responsibility of the Management.

### Auditors' Responsibility:

Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our engagement in accordance with the "Guidance Note on Corporate Governance Certificate" issued by the Institute of Company Secretaries of India. Our responsibility is to certify based on the work done.

### Conclusion:

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restrictions on use:

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For DM & Associates Company Secretaries LLP**

**Tribhawneshwar Kaushik**

Company Secretaries

Partner

Membership No.: FCS 10607 COP No 16207

UDIN: F010607E000864891

Place: Mumbai

Date: 23-08-2023

# ANNEXURE - 3

## ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs:-

As part of socially responsible company, PDSTL has and continues to adopt policies, and business strategies to effectively integrate emerging environmental, social safety and health protection considerations. The Company shall carry out activities as per Company's CSR Policy or as may be mentioned in the Schedule VII of the Companies Act, 2013 to contribute towards CSR.

The activities undertaken for the Financial Year 2022-23 are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy are available on the website of the Company - [www.parasdefence.com](http://www.parasdefence.com)

2. **Composition of CSR Committee:**

Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Munjal Sharad Shah (Chairman)	Managing Director	2	2
Hina Amol Gokhale	Non-Executive Independent Director	1	1
Manmohan Handa	Non-Executive Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company- <https://www.parasdefence.com/policies/>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - NA
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2022-23	NIL	NIL

6. Average net profit of the company as per section 135(5) is ₹ 26,68,45,028/- (Rupees Twenty-Six Crores Sixty-Eight Lakhs Forty-Five Thousand and Twenty-Eight Only)
7. (a) Two percent of average net profit of the company as per section 135(5) is ₹ 53,36,901/- (Fifty- Three Lakhs Thirty-Six Thousand Nine Hundred and One Only)
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- NIL
- (c) Amount required to be set off for the financial year, if any- NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c) is ₹ 53,36,901/- (Fifty-Three Lakhs Thirty-Six Thousand Nine Hundred and One Only)
8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
61,25,000	NIL	NIL	NIL	NIL	-

## (b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

NIL

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Shree Maa Charitable Trust	Environment Sustainability Animal Welfare	No	Nara Gujarat		21,25,000	Yes	-	-
2.	Shree Bidada Sarvodaya Trust	Health Care including preventive health care, Sanitation and providing Drinking Water	No	Mumbai, Maharashtra		40,00,000	Yes	-	-
<b>Total</b>						<b>61,25,000</b>			

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: NA
- (f) Total amount spent for the Financial Year (7b+7c+7d+7e): ₹ 61,25,000/-
- (g) Excess amount for set off, if any: NIL

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	53,36,901
(ii)	Total amount spent for the Financial Year	61,25,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7,88,099
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	7,88,099

## 9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	



Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- No

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

By the order of the Board of Directors

**Paras Defence and Space Technologies Limited**

Date: September 04, 2023

Place: Navi Mumbai

**Sharad Virji Shah**

Chairman and Non-Executive Director

DIN: 00622001

**Munjal Sharad Shah**

Managing Director

DIN: 01080863

# ANNEXURE - 4

## FORM AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]  
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS

Sr. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	
2.	Nature of contracts /arrangements / transaction	
3.	Duration of the contracts / arrangements / transaction	
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions'	NIL
6.	Date of approval by the Board	
7.	Amount paid as advances, if any	
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

Sr. No.	Particulars	Details
1.	Name(s) of the related party and nature of relationship	Opel Technologies Pte. Ltd.
2.	Nature of contracts/ arrangements/ transactions	Sale of goods or services
3.	Duration of the contracts / arrangements/transactions	Financial Year 2022-23
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	Ordinary Course of Business and on Arm's length basis
5.	Value of transaction	₹ 26,45,59,142/-
6.	Investment in the Subsidiary	-
7.	Date(s) of approval by the Board, if any	Not applicable as the transactions entered into are at arm's length price and are in the ordinary course of business as provided under Section 188(1) of the Companies Act, 2013.
8.	Amount paid as advances, if any	Nil

By the order of the Board of Directors  
**Paras Defence and Space Technologies Limited**

Date: September 04, 2023  
Place: Navi Mumbai

**Sharad Virji Shah**  
Chairman and Non-Executive Director  
DIN: 00622001

**Munjal Sharad Shah**  
Managing Director  
DIN: 01080863



# ANNEXURE - 5

## DETAILS OF THE REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES AND COMPARATIVES

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors, Chief Financial Officer and Company Secretary in the Financial year 2022-23:

Name of Director(s) /Key Managerial Personnel (KMP)	Designation	Remuneration of Director/KMP (amount in ₹)	Ratio of Remuneration of each Director to the median remuneration of employees	% increase in remuneration
Munjal Sharad Shah	Managing Director	69,00,000	34.98	15.00%
Shilpa Amit Mahajan	Whole-Time Director	24,45,311	12.40	52.43%
Harsh Dhirendra Bhansali	Chief Financial Officer	36,82,804	18.67	52.25%
R. Rajagopalan	Sr. VP – Business Development	54,12,000	27.44	4.88%
K. Natarajan	Sr. VP – Software Development	40,63,549	20.60	5.00%
N. Saravanan	Sr. VP – System Integration	37,34,884	18.93	-3.49%
Bharat Yelkur	VP – Marketing	24,00,000	12.17	12.68%
Ramakantha D	General Manager – Business Development	15,00,000	7.60	47.06%
*Ajit K. Sharma	Company Secretary & Compliance Officer	10,40,000	5.27	0.00%
Hemalkumar Hiranbhai Sagalia	Company Secretary & Compliance Officer	14,806	0.08	0.00%
G. S. Ravichandar	Senior-VP - Head of Naval business Development	26,40,000	13.38	5.60%
K. Padmanabham	Senior -VP - Electronics	15,87,000	8.05	15.00%
Amit Navin Mahajan	Director - Technical and R&D	24,86,389	12.60	51.65%
Ami Munjal Shah	Senior VP - HR & Administrator	41,00,000	20.79	13.89%
Anish Hemant Mehta	Director - Business Development	29,18,200	14.79	37.93%

\*Ajit K. Sharma ceased to be Company Secretary & Compliance Officer of the Company w.e.f. December 16, 2022 due to his unfortunate demise.

### Notes:

- a) To derive median, only employees on the payroll of the Company are taken into consideration.
- b) **Mr. Sharad Virji Shah is Chairman and Non- Executive Director, is not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Committees. Hence ratio of their sitting fees to median remuneration of employee is not comparable. The details of sitting fees paid to the Mr. Sharad Virji Shah is provided in the Corporate Governance Report, which is annexed as Annexure-2 to the Directors Report. The ratio of remuneration (sitting fees) of Mr. Sharad Virji Shah to median remuneration of employees is as follows: 3.04**
- c) **The Independent Directors of the Company viz. Mr. Manmohan Handa, Mr. Suresh Katyal, #Mr. Sunil Kumar Sharma, and Dr. Hina Amol Gokhale are not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Committees. Hence ratio of their sitting fees to median remuneration of employee is not comparable. The ratio of remuneration (sitting fees) of Independent Directors to median remuneration of employees is as follows:**  
Mr. Manmohan Handa 3.04, Mr. Suresh Katyal 3.04, Mr. Sunil Kumar Sharma 2.03, and Dr. Hina Amol Gokhale 3.04

#Mr. Sunil Kumar Sharma, Non-Executive Independent Director resigned from his post w.e.f. December 10, 2022.

- d) There was no increase in remuneration of Independent Directors during the financial year, they are entitled for sitting fees in proportion to number of meeting(s) attended by them.

2. **The percentage increase in the median remuneration of employees in the financial year:** -42.07%
3. **The number of permanent employees on the rolls of Company:** 404
4. **Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:**

The average percentage increase made in the salaries of employees other than the managerial Personnel was 59.23%.

Note: The above increase includes increase in salary of the existing employees as well as additional manpower hired.

5. **Affirmation that the Remuneration is as per the Remuneration Policy of the Company:**

The remuneration for MD/KMP/rest of the employees is as per the remuneration policy of the Company.

By the order of the Board of Directors

**Paras Defence and Space Technologies Limited**

Date: September 04, 2023

Place: Navi Mumbai

**Sharad Virji Shah**

Chairman and Non-Executive Director

DIN: 00622001

**Munjal Sharad Shah**

Managing Director

DIN: 01080863

# ANNEXURE - 6

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW

#### Global economy

The global economy was faced with several challenges in 2022, mainly severe inflationary pressure, continued geopolitical tensions, and the resurgence of COVID-19 in China. This led to slowdown in global growth to 3.4% in 2022 from 6.3% in 2021. Advanced economies grew 2.7% while Emerging market and developing economies (EMDEs) grew 4%. Several central banks have adopted stringent monetary policies to curb inflation. This has aided in bringing down the price of food and energy, but underlying price pressures are proving sticky, with labour markets tight in a number of economies.

Global growth is estimated at 2.8% in 2023 and 3% in 2024 reflecting the rise in central bank rates to fight inflation and the war. Advanced economies are expected to grow 1.3% in 2023 and 1.4% in 2024. In EMDEs growth is estimated to have bottomed out in 2022, and are expected to grow at 3.9% in 2023 and 4.2% in 2024 led by strong growth in India and China. The expected pickup in 2024 in both groups of economies reflects gradual recovery from the effects of the war and subsiding inflation.

(Source: IMF April 2023 – World Economic Outlook)

#### Indian economy

Despite sluggish global economy, India has set a target of becoming a USD 5 trillion economy by 2025 and more than double its annual exports to USD 2 trillion by 2030. Government policies like Make in India, Performance Linked Incentives (PLI) scheme, Atmanirbhar Bharat, Housing for All, rural electrification, extended Emergency Credit Linked Guarantee Scheme, etc. are aiding economic growth. In FY 2022-23, the economy is estimated to have grown at 7.2%, as per the Provisional estimates of National Income 2022-23. Growth is primarily attributable to rise in private consumption and higher capital expenditure, which in turn resulted in providing boost to production activity.

According to the World Bank, the Indian GDP growth is estimated at 6.9% in FY 2022-23 and 6.6% in FY 2023-24. India is expected to become the fastest growing economy in FY 2023-24. The inflation trajectory is likely to be determined by extreme weather conditions like heatwaves and the possibility of an El Niño year, volatility in international commodity prices and pass-through of input costs to output prices. Inflation is expected to moderate in FY24 as compared to FY23 and is likely to remain at 5-6%, with risks evenly balanced. The expansion of public digital platforms and several measures like PM Gati Shakti, the National Logistics Policy, and PLI schemes are expected to provide the needed boost to manufacturing output.

### INDUSTRY OVERVIEW

#### Defence

##### Global defence industry

Global defence spending continues its steady rise, with 6.4% growth in 2022 to reach USD 1,908 billion. The biggest boost to overall global defence spending came from NATO member states (and aspiring

member states) revising budgetary plans and accelerating spending and modernisation efforts in the wake of the Russia-Ukraine war. While facing extremely high levels of inflation, energy pressures and slower economic growth, many governments worldwide began reassessing military investment and security approaches as the war intensified. The bulk of global military investment remains in three regions: North America, Asia, and Europe at 42%, 25% and 16% respectively. The top 20 defence spending countries, on an average, spend about 2.1% of GDP on defence. Given the uncertainties that the war has brought about leading to growing insecurities, it is expected that defence investment and procurement will continue to be intense from 2023 through 2025, and possibly even till 2030 even amidst growing inflation and trade deficits.

#### Defence Budget 2022

(includes percent change from previous year)

United States	\$784,100	+ 11.3%
China (PRC)	\$228,242	+ 9.1%
Russia	\$69,447	+ 50.1%
United Kingdom	\$61,442	= 2.9%
Germany	\$58,934	+ 5.1%
India	\$53,534	+ 2.5%
South Korea	\$47,699	+ 2.8%
Japan	\$47,209	= 15.2%
Saudi Arabia	\$45,600	= 10.0%
France	\$43,143	= 7.9%
Australia	\$35,341	+ 5.5%
Brazil	\$22,952	+ 8.7%
Italy	\$21,454	+ 6.9%
Canada	\$20,376	+ 5.9%
Israel	\$18,594	= 4.1%
Taiwan	\$18,488	+ 13.9%
Iran	\$17,372	+ 0.1%
UAE	\$15,335	+ 2.8%
Poland	\$14,076	= 6.4%
Netherlands	\$13,362	= 4.6%

\*Note: Figures are in USD millions

2023 Forecast International

global\_defense\_spending\_2023\_final.pdf (windows.net)

#### Indian defence industry

The Indian defence manufacturing industry is a significant sector for the economy. Demand growth is likely to accelerate with rising concerns of national security. India has the second-largest defence force in the world. India comes among the top 10 defence spending countries, as of 2022, and expects to export equipment worth USD 15 billion by 2026. In the Union Budget 2023-24, the overall defence budget was increased by 13% to ₹5.93 Lakh Crores (almost 13% of the total budget) as compared to the outlay of ₹5.25 Lakh Crores in the previous year. Of this, 75%, or nearly ₹ 1.2 Lakh Crores, will go to domestic firms as part of government focus on indigenisation. This was in keeping with the Government's resolve and focus towards maintaining a high level of operational preparedness of the defence services to face current and future challenges. India is committed to spending ₹ 1.5 Lakh Crores annually on an average till 2030 to modernise its armed forces.

Drone technology is a sunrise sector, poised for exponential boom globally. According to an EY Report, India has the potential to realise approximately ₹ 1.8 Lakh Crores of aggregate domestic manufacturing through focused implementation of drone indigenisation projects, across defence, commercial, homeland security and counter UAV sectors. The rise of the drone manufacturing industry in India will result in significant manufacturing trickle-down effects across the subcomponent value chain, right across motors/propulsion systems, payloads, communication modules, batteries/power systems, propellers, assembly, navigation systems and airframes. These subcomponents have commonalities and synergies with allied industries, which would get a fillip in turn. Recently, an indigenously built anti-drone system was inducted into the armed forces to counter the drone menace across the LOC.

[ey-ficci-drones-report.pdf](#)

### Spike in defence exports

According to the global power index, the Indian defence sector ranks fourth in terms of firepower with a score of 0.0979 (with 0.0 being the perfect score). The Indian government has set the defence production target at USD 25 billion by 2025, including USD 5 billion from exports. India's defence exports for FY23 reached a historic high of approximately ₹ 16,000 Crore, growing 10x since FY17, when defence exports amounted to ₹ 1,521 Crore. The surge can be attributed to various policy measures notably the implementation of positive indigenisation lists through Make in India initiative. These lists prioritise using indigenous technologies and equipment, incentivising domestic defence production. This has propelled India towards its goal of becoming a net exporter of arms. The Defence Ministry has set a target of 70% self-reliance in weaponry by 2027, creating huge prospects for industry players.

India exports various major platforms, including the Akash missile, BrahMos, Pinaka, Dornier-228, thermal imagers, 155 mm Advanced Towed Artillery Guns (ATAGs), radars, simulators, body armours, and mine-protected vehicles. In addition, the Light Combat Helicopters, Aircraft Carriers, and Light Combat Aircraft (LCA) Tejas have gained significant interest and demand. Indian exports to over 85 nations, with a vast range of designs and developments being exported by more than 100 companies.

Defence exports for FY23 reach ₹ 16,000 Crores - IndBiz | Economic Diplomacy Division | IndBiz | Economic Diplomacy Division

### Government initiative

The Government has identified the defence and aerospace sector as a focus area for the 'Aatmanirbhar Bharat' or Self-Reliant India initiative, with a formidable push on the establishment of indigenous manufacturing infrastructure supported by a requisite research and development ecosystem.

The MoD has rolled out the Defence Acquisition Procedure, effective from October 1, 2020, focussing on significantly boosting indigenous production. The aim is to make India a global manufacturing hub of weapons and military platforms. This procedure has been aligned with the vision of the government's 'Aatmanirbhar Bharat' initiative and to empower Indian defence industry through 'Make in India' projects. In line with these initiatives, several Indian companies collaborate with technology companies to boost indigenous manufacturing.

Under the Aatmanirbhar Bharat Initiative, four positive indigenisation lists of 411 weapons, platforms and systems have been promulgated by Department of Military Affairs and Ministry of Defence to be indigenised in phases from 2022 to 2030. These include high-value imports such as lightweight tanks, naval utility helicopters, artillery guns, various missiles, destroyers, light combat, transport and basic trainer aircraft, as well as lower-value imports such as spare parts, small components and sub-systems for fighters, ships, submarines and tanks. The government has also released three 'positive indigenisation lists' of 3,738 components imported by defence public sector undertakings, or DPSUs. Most will be indigenised in coming years with 25% reserved for the private sector.

The government has also announced two dedicated Defence Industrial Corridors, in Tamil Nadu and Uttar Pradesh, to act as clusters of defence manufacturing that leverage existing infrastructure, and human capital. To enable innovation within the sector, there are supportive government schemes such as Innovations for Defence Excellence (iDEX) and Defence Testing Infrastructure Scheme (DTIS).

To give a push to defence exports, Government has taken a number of policy initiatives and brought reforms over the last 5-6 years. Export procedures have been simplified and made industry-friendly with end-to-end online export authorisation curtailing delays and bringing Ease of Doing Business. Government has notified three Open General Export License (OGEL) for export of Parts and Components/Transfer of Technology/Major Platforms and Equipment. OGEL is one-time export licence, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation during the validity of the OGEL.

Export leads received from various countries are disseminated to the registered Indian Defence Exporters through online portal on real-time basis to enable them to respond to export opportunities. Regular reviews are held with Indian Missions abroad to promote Indian defence products and facilitate Indian Industry. More than 40 webinars organised with Friendly Foreign Countries (FFCs) with involvement of Industry Associations.

[pib.gov.in/PressReleaseSelfframePage.aspx?PRID=1912885](http://pib.gov.in/PressReleaseSelfframePage.aspx?PRID=1912885)

### Recent developments

- The twelfth and largest-ever defence exhibition, DefExpo 2022, marked the emergence of India's defence industry as a sunrise sector for investment on the global scale, in line with the theme 'Path to Pride'. Organised exclusively for Indian companies, the five-day event witnessed unparalleled participation of over 1,340 exhibitors, businesses, investors, start-ups, MSMEs, Armed Forces and delegates from several countries, with engagements spread over four venues.
- The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, thereby promoting self-reliance in defence manufacturing & technology in the country.
- Till April 2023, a total of 606 Industrial Licences have been issued to 369 companies operating in Defence Sector.

- India's defence production crossed the ₹ 1 Lakh Crore mark in FY23, an increase of 12% over ₹ 95,000 Crores production in FY22.
- In order to bolster Make in India vision, the aero show was conducted in February 2023, to promote the export of indigenous air platforms like Light Combat Aircraft (LCA)-Tejas, HTT-40, Light Combat Helicopter (LCH) and Advanced Light Helicopter (ALH) and Dornier Light Utility Helicopter (LUH). During the five-day event, over 800 companies showcased the country's aerospace and defence capabilities.  
[pib.gov.in/PressReleaselframePage.aspx?PRID=1925369](http://pib.gov.in/PressReleaselframePage.aspx?PRID=1925369)

## SPACE

### Global space industry

According to the Satellite Industry Association (SIA), in 2022, the global space industry generated USD 384 billion in revenues, with the commercial satellite industry contributing USD 281 billion. Increased affordability and innovation led to 2,325 satellites launched into space in 2022, with an historic 161 commercial launches. A major driver of growth in the space sector has been the development of new technologies, such as reusable launch vehicles, SmallSats (satellites of low mass and size) and CubeSats (square-shaped miniaturised satellites).

Innovation has made it more cost-effective to develop new space systems and launch payloads into space, which in turn has enabled a wider range of organisations to participate in the space sector. The development of SmallSats and CubeSats have particularly increased the interest of private companies and government agencies, as it allows for more affordable access to space and new business models, such as constellations (a group of satellites working together as a system with shared control). Another important driver of growth in the space sector has been increased private sector investment. A growing number of venture capital (VC) firms and private equity (PE) firms have been investing in the space sector, and more and more private companies are entering the market to provide space-related products and services.

With evolution in technology, challenges to manufacturing, launching, and operating satellites and other space-based assets have diminished significantly. Satellites have been miniaturised, costing less to produce and operate than ever before. Led by reusable rocketry, launch costs have reduced significantly. Accelerating these developments, digital and advanced technologies are helping new players to access satellite operators' data and explore new business applications. The industry has the potential to grow to USD 1 trillion by 2030. The number of active satellites, capable of handling different tasks ranging from tracking data on climate change to processing credit card transactions, has the potential to triple within the next decade.

### Indian space industry

Despite being one among a few space-faring nations in the world, India accounts for only about 2% of the space economy. Over the last 2 decades, the private sector has played an increasingly important role in other spacefaring countries within the global space economy. In Union Budget 2023-24, an allocation of ₹ 12,544 Crores was made to the Department of Space, an increase of 19% from previous year. The budget allocation has been done for the Department of Space

and other organisations under it like the Indian Space Research Organisation (ISRO) and its centres, Indian National Space Promotion and Authorisation Centre - the regulator for the private sector space players and others.

The AatmaNirbhar Bharat vision has revamped government-led space activities significantly. India needs a space law to support a thriving domestic space industry and the vision of the country's expanding participation in the global space economy. It is essential to provide a favourable policy environment to encourage private sector investment. Regulations should aim to create an environment supportive and empowering entrepreneurs and SMEs to create internationally scalable, end-to-end products and services.

Also, there is a need to develop competency, such as an academic emphasis on system development. It is imperative to integrate the entire space segment as one system, close gaps in interdependence, improve interfaces and interaction, and build technologies for newer software-defined satellites. With India's prowess in Information Technology sectors and talent, there is huge potential for the Indian Space sector to become a prominent player in the global space.

### Recent developments

Indian space sector is on its way to deliver some big projects in the coming years, which include an unmanned Gaganyaan mission and other inter-planetary missions. Of the allocated space budget, approximately ₹11,669 Crores is dedicated for these big projects and for the other developmental and operational initiatives.

ISRO successfully launched Chandrayaan-2, India's third lunar mission, in July 2023, using the LVM-3. Besides, ISRO also plans for Aditya L1 solar mission, Chandrayaan-3 Moon mission, Small Satellite Launch Vehicle or mini-PSLV and other satellite missions this year to explore the neighbouring planets and moon.

IN-SPACe, the government's single-window body that deals with the private sector has been allocated ₹ 95 Crore, out of which ₹ 53 Crores has been earmarked for capital expenditure for IN-SPACe.

Government has introduced various public-owned government bodies such as:

- **The Indian National Space Promotion and Authorisation Centre (IN-SPACe):** Its duties include promoting, enabling authorising, and supervising the NGEs' various space activities, such as developing launch vehicles and satellites and offering space-based services, sharing existing space infrastructure and facilities under Department of Space (DOS)/ISRO control, and establishing new space infrastructure and facilities.
- **Antrix Corporation Limited:** It is the commercial and marketing arm of the DOS, responsible for identifying markets/products with market potential, identifying core competencies in the industry, bringing financial viability, completing the national space program, and accelerating commercial, and technical partnerships with private industries, India can increase its participation through collaborations and partnerships and become a preferred global destination for space commerce.

- **New Space India Limited (NSIL):** To provide satellite services for diverse domestic and international demands, enabling technology spin-offs for the benefit of humanity through industry interaction, and assisting SMEs in expanding their high technology manufacturing base for space activities.
- **The Indian Space Association (ISpA):** To make India self-sufficient, technologically advanced, and a major player in the global space arena, it will engage in policy advocacy, engage, and operate with all stakeholders, and act as a catalyst for accelerating the exchange of knowledge, information, and technology of space-related domains amongst all stakeholders of the entire Indian Space ecosystem, including the government and its agencies.

(Source: <https://www.geospatialworld.net/prime/indian-space-sector-receives-19-hike-new-budgetallocation/#:~:text=Finance%20Minister%20of%20India%2C%20Nirmala,rise%20of%20INR%202%2C013%20crore.>)

## COMPANY OVERVIEW

With a rich experience of over four decades, Paras Defence & Space Technologies (the Company) is one of the leading Indigenously, Designed, Developed and Manufactured company catering to four major segments of defence & space sector, namely, defence and space optics, defence electronics, electro-magnetic pulse protection solution and heavy engineering.

The Company is involved in the creation, design, production, and testing of a wide range of defence and space engineering products and solutions. The Company is the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. The Company is one of the leading providers of optics for various Indian defence and space programmes, and the only Indian company with the design capability for space-optics and opto-mechanical assemblies. The Company is also the only Indian company indigenously manufacturing optronic submarine periscope.

The Company's rich domain knowledge in electronics for defence applications has enabled it to contribute to some of the most prestigious defence programmes of the country. The Company is capable of delivering customised turnkey projects in the defence segment, especially in the defence electronics and EMP protection segments.

The Company specialises in high-end manufacturing for defence and space applications and has been providing customised and exclusive mechanical products since inception. The Company is also proactive in identifying and partnering with some of the leading technology companies around the world in order to indigenise advanced technologies in the defence and space sectors for catering to the Indian market under the Make In India initiative of the GOI.

The Company has two manufacturing facilities at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. R&D activities are mainly undertaken at centres at Nerul in Navi Mumbai, Maharashtra, Ahmedabad, Gujarat and Bengaluru, Karnataka. The manufacturing facilities at Nerul and Ambernath have been accredited with quality management system certificate for compliance with ISO 9001:2015 requirements while the Nerul Facility has been accredited with AS9100D certification. The Company is in the process of expanding its manufacturing facility located at Nerul as well as Ambernath.

## Opportunities

- Government policies like Aatmanirbhar Bharat and Make in India provide a favourable environment for growth to Indian companies in the defence and space sectors.
- With growing prominence of technology, the demand for defence electronics, defence optics, EMP protection and heavy engineering services are on the rise. The Company's stronghold in these areas provides good growth opportunities.
- Defence manufacturing in India is witnessing substantial growth led by government's push towards foreign trade and joint agreements with various countries.
- The Company is in a sweet spot to participate in government's future projects aided by the launch of the Indian Space Association, promoting the participation of private players.

## Challenges

- The Company's organisational growth is highly depended on contracts from Government of India (GoI) and associated entities including defence public sector undertakings and government organisations involved in space research. Any change in priority away from defence and research poses challenge to business operations.
- It is imperative for the Company to upgrade its technological know-how to remain relevant in the industry. It is also important for the Company to safeguard its sensitive data.

## FINANCIAL PERFORMANCE

### Revenue from operations

Revenue from operations increased by 21.84% to ₹ 22,243 Lakhs in FY 2022-23 from ₹ 18,256 Lakhs in FY 2021-22.

### Other Income

Other income increased by 176.77% to ₹ 822 Lakhs in FY 2022-23 from ₹ 297 Lakhs in FY 2021-22 due to an increase in Interest income from Fixed deposits.

### Expenses

Total expenses increased by 23.3% to ₹ 18,367 Lakhs in FY 2022-23 from ₹ 14,896 Lakhs in FY 2021-22. This increase in expenses was primarily due to an increase in the revenue and for reasons set out below.

### Cost of materials consumed

Our cost of materials consumed increased by 29.39% to ₹ 9,968 Lakhs in FY 2022-23 from ₹ 7,704 Lakhs in FY 2021-22.

### Purchases of stock in trade

Expense towards purchases of stock in trade increased by 224.81% to ₹ 1,715 Lakhs in FY 2022-23 from ₹ 528 Lakhs in FY 2021-22.

### Change in inventories of finished goods, work-in-progress and stock in trade

Change in inventories of finished goods, work-in-progress and stock in trade decreased by 1919.18% to ₹ (1,147) Lakhs in FY 2022-23 from ₹ (57) Lakhs in FY 2021-22.



### Employee benefits expense

Employee benefits expense increased by 47.67% to ₹ 2,187 Lakhs in FY 2022-23 from ₹ 1,481 Lakhs in FY 2021-22.

### Finance costs

Finance costs decreased by 14.18% to ₹ 672 Lakhs in FY 2022-23 from ₹ 783 Lakhs in FY 2021-22.

### Depreciation and Amortisation Expense

Depreciation and amortisation expenses increased by 8.16% to ₹ 1,127 Lakhs in FY 2022-23 from ₹ 1,042 Lakhs in FY 2021-22.

### Other expenses

Other expenses increased by 12.59% to ₹ 3,845 Lakhs in FY 2022-23 from ₹ 3,415 Lakhs in FY 2021-22.

### Profit before Tax

As a result, profit before tax increased by 28.11% to ₹ 4,685 Lakhs in FY 2022-23 from ₹ 3,657 Lakhs in FY 2021-22.

### Tax Expenses

Tax expenses increased by 14.74% to ₹ 1,090 Lakhs in FY 2022-23 from ₹ 950 Lakhs in FY 2021-22.

### Profit for the Year

Profit for the year increased by 32.72% to ₹ 3,594 Lakhs in FY 2022-23 from ₹ 2,708 Lakhs in FY 2021-22.

### Total Comprehensive Income

Total comprehensive income increased by 32.72% to ₹ 3,594 Lakhs in FY 2022-23 from ₹ 2,708 Lakhs in FY 2021-22.

### Cash Flows

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value. For the purposes of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as set out above, net of outstanding bank overdrafts as they are considered an integral part of our cash management.

## RESEARCH & DEVELOPMENT

The Company places strong emphasis on R&D as it plays a crucial role in developing the wide portfolio of products and solutions in the defence and space sector. The Company has invested in precision manufacturing infrastructure and human resource in dedicated R&D centres located at Nerul in Navi Mumbai, Maharashtra, and Bengaluru, Karnataka. The R&D centre at Nerul is recognised by and registered with DSIR. The Company has entered into partnership with some of the leading and proven overseas technology companies, which gives an added impetus to R&D.

Robust R&D led design and technological capabilities enable the Company to develop new and cutting-edge products and solutions,

undertake process innovation and improve existing portfolio. It also aids in developing technology for future requirements and building a strong product pipeline. Most of the products and components are designed, developed and manufactured by the Company in India.

Strong focus on R&D is critical to business growth and improves the ability of the Company to cater to specific customer requirements. As a result, the Company continuously invests in technology, equipment and skilled employees to improve overall customer experience. High-quality, innovative and technology-driven products and solutions provide early-mover advantages, higher profit margins and present with opportunities to capture any shift in customer requirements. Led by its unique R&D capabilities the Company is set to become a preferred supplier.

## RISK MANAGEMENT AND RISKS AND MITIGATION MEASURES

The Company's comprehensive risk management framework is designed under a plan approved by the Board of Directors. This risk management plan defines risk identification, analysis, and management and outlines the procedure to perform, record and monitor risks effectively. The basic objective of risk management plan is to implement an integrated risk management approach to ensure all significant areas of risks are identified, understood and effectively managed. This helps to deploy appropriate risk management methodologies and tools for use in identifying, assessing, managing and reporting risks. The Audit Committee and the Board are duly apprised about the foreseeable risks and the adequate corrective measures to be undertaken. The Company manages all internal and external risks as deemed fit.

**Market Risk:** Being a significant part of the defence and space sector, earnings depend on the events impacting the economic growth.

**Mitigation:** The Company continuously strives to expand its portfolio and customer base. The Company works to establish technology-based partnerships with leading companies worldwide. Given the challenging geo-political tensions globally, in fact the government realises the added need to be future-ready in defence and is committed to upgrade defence and space technology in India.

**Innovation Risk:** Inability to get breakthrough innovation in line with change in consumer preference poses risk to earnings.

**Mitigation:** The Company lays strong focus on innovation. It has a well-equipped R&D facility with a skilled team of professionals who work tirelessly to innovate superior products in keeping with current trends.

**Data Security and Cyber Risk:** Business is exposed to data and cyber security risk given complex nature of business. Any lapse can prove negative on the business.

**Mitigation:** The Company has invested in ensuring strong protection of its data. Robust IT and ERP systems are capable of ensuring data security and counter any cyber risk.

## HUMAN RESOURCES

The Company has well-structured HR policies effective in nurturing an equal, transparent, and fair culture. The Company fosters a safe, conducive, and productive work environment. The HR policies are aimed at aligning employee goals with organisational goals to empower the employees. The Company provides regular skill development trainings and programmes to employees. Employee-friendly management policies, working environment, career development opportunities and employee benefits are instrumental in maintaining good employee relations and employee retention.

The Company identifies, develops and retains talent through an array of initiatives including talent acquisition, learning and development, compensation and benefits, employee engagement and performance management. Based on annual performance review, the staff is duly recognised and rewarded.

## INTERNAL CONTROL SYSTEMS

The Company has a robust and well-embedded system of internal controls commensurate with the nature of business and size and complexity of its operations. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The internal controls ensure strict compliance with all relevant statutory and regulatory requirements.

The Company has robust monitoring system to monitor progress against the terms and conditions as laid down in customer agreements, identify any issues and take necessary corrective and preventive actions for monitoring compliance guaranteed service

levels as per the required parameters. A dedicated team involved in resource planning and workforce management, on a regular basis, monitors the costs incurred for various works and provides feedback for corrective actions. Audit committee is responsible for evaluating the internal financial controls and risk management systems with the support of internal auditors. In the event of any deviation from normal, the matter is reported to the Board and appropriate corrective action is implemented promptly.

## INFORMATION TECHNOLOGY

The Company realises the importance of technology in strategic business growth to achieve its aspirations to scale customer experience, enhance security and ensure ease of operations. Data security is of prime importance. The Company has robust IT infrastructure and enterprise resources planning systems established at its manufacturing facilities. IT infrastructure comprises third-party solutions and applications maintained internally. The Company deploys strong IT disaster management systems including data backup and retrieval mechanisms to ensure sufficient data safeguard.

## CAUTIONARY STATEMENT

This document contains some statements about expected future events, financial and operating results, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements.





# ANNEXURE - 7

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Information pursuant to the section 134(3)(m) of the Companies Act, 2013 read with the companies (Accounts) Rules, 2014 and forming a part)

Particulars	Remarks
<b>1. Conservation of energy</b>	Your Company takes many initiatives to reduce the electricity consumption by using energy efficient products, thus resulting in lower electricity consumption, and increasing the productivity.
<b>A.</b> The steps taken or impact on Conservation of Energy	
i. Process Optimization and automation	
ii. Optimization of Electrical Equipment	Discussion with experts and training programs have been ongoing for innovative ideas of production and knowledge updating. The concerned staff members are also encouraged to attend various seminars and workshops for their improvement in various aspects of functioning of the factory.
iii. Lighting	
iv. Other key initiative for energy conservation	
<b>B.</b> The steps taken by the Company for utilizing alternate source of energy	There has been an overall improvement in product quality and labour productivity, resulting in economy of cost, and improved operational efficiencies.
<b>C.</b> The capital investment on energy conservation equipment	Your Company has focused on productivity so that unit consumption per unit is reduced
<b>2. Technology Absorption</b>	
a. The efforts made by the Company towards technology absorption	The Company has no activity relating to technology absorption.
b. The benefits derived like product improvement, cost reduction, product development or import substitution	The Company has not imported technology during the year under review.
c. In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	
d. The expenditure incurred on Research and Development	

During the period under review the following is the foreign exchange inflow and outflow:

Particulars	(Amount in ₹)	
	2022-23	2021-22
Foreign Exchange Earnings in terms of actual inflows	27,19,26,391	24,31,51,686
Foreign Exchange Outgo in terms of actual outflows	57,55,03,879	39,68,05,815

By the order of the Board of Directors  
**Paras Defence and Space Technologies Limited**

Date: September 04, 2023  
Place: Navi Mumbai

**Sharad Virji Shah**  
Chairman and Non-Executive Director  
DIN: 00622001

**Munjal Sharad Shah**  
Managing Director  
DIN: 01080863

# ANNEXURE - 8

## FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**For the Financial Year Ended March 31, 2023**

To,  
The Members,

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

D-112, TTC INDUSTRIAL AREA,  
MIDC, NERUL NAVI MUMBAI  
MH 400706 IN

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings: **NA**;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The SEBI (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Company under the financial year under report:
    - a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
    - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
    - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
    - d. The Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and
    - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

**We report that** we have relied on the compliance certificates issued by its officers and taken on record by the Board of Directors at their meeting(s) for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. For Income tax laws and compliance with applicable accounting standards we have relied on the Audit report issued by the Statutory Auditors. The following are the major head / group of Acts, Laws and Regulations as applicable to the Company:

- a. Factories Act, 1948;
- b. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
- c. Industries (Development & Regulation) Act, 1951;
- d. Acts relating to consumer protection;
- e. Acts and Rules prescribed under prevention and control of pollution;
- f. Acts and Rules relating to environmental protection and energy conservation;



- g. Acts and Rules relating to hazardous substances and chemicals;
- h. Acts and Rules relating to electricity, fire, petroleum, motor vehicles, explosives, boilers etc.;
- i. Acts relating to protection of IPR;
- j. Acts and Rules relating to the industry to which this Company belongs;
- k. Other local laws as applicable to various plants and offices.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE);

**We further report that** the Company has generally complied with respect to event-based filing of e-forms to be filed with Registrar of Companies.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except for the following:

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and for meeting convened under shorter notice, if any, were in compliance with section 173(3) of the Companies Act, 2013 a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** that during the audit period, following specific events took place:

The Members at their Annual General Meeting held on September 27, 2022 approved the following by passing Special resolution:

**a. Altered its Memorandum of Association (MOA):**

Reclassified the Authorised share capital by substituting the existing clause V with the new clause as follows:

“V. The authorized share capital of the company is ₹ 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs Only) divided into 6,05,00,000 (Six Crores and Five Lakhs) Equity Shares of ₹ 10/- each.”

**b. Altered its Articles of Association:**

Consequent to the exit of the investor and pursuant to conditional Termination Agreement dated January 28, 2021, deleted Part II, in entirety, of the AOA.

**For DM & Associates Company Secretaries LLP**

Company Secretaries  
ICSI Unique Code L2017MH003500

**Tribhuvneshwar Kaushik**

Partner

FCS NO: 10607

CP NO: 16207

UDIN: F010607E000864856

Place: Mumbai

Date: August 25, 2023

**Note:** This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

## ‘ANNEXURE I’

To,  
The Members,

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

D -112, TTC INDUSTRIAL AREA, MIDC, NERUL NAVI MUMBAI - 400706

Our report of even date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For DM & Associates Company Secretaries LLP**

Company Secretaries  
ICSI Unique Code L2017MH003500

**Tribhuvneshwar Kaushik**

Partner  
FCS NO: 10607  
CP NO: 16207  
UDIN: F010607E000864856

Place: Mumbai  
Date: August 25, 2023



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	<b>Corporate Identity Number (CIN) of the Listed Entity</b>	: L29253MH2009PLC193352
2.	<b>Name of the Listed Entity</b>	: Paras Defence and Space Technologies Limited ("Paras" or "the Company")
3.	<b>Year of incorporation</b>	: 16/06/2009
4.	<b>Registered office address</b>	: D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706
5.	<b>Corporate address</b>	: D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706
6.	<b>E-mail</b>	: <a href="mailto:business@parasdefence.com">business@parasdefence.com</a>
7.	<b>Telephone</b>	: 022 – 6919 9999 (D)
8.	<b>Website</b>	: <a href="http://www.parasdefence.com">www.parasdefence.com</a>
9.	<b>Financial year for which reporting is being done</b>	: 2022-23
10.	<b>Name of the Stock Exchange(s) where shares are listed</b>	: BSE Limited National Stock Exchange of India Limited
11.	<b>Paid-up Capital</b>	: ₹ 39,00,00,610/-
12.	<b>Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report</b>	: Mr. Hemalkumar Hiranbhai Sagalia Company Secretary & Compliance Officer <a href="mailto:hemals@parasdefence.com">hemals@parasdefence.com</a> 022 – 6919 9919 (D)
13.	<b>Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)</b>	: BRSR disclosures are made on standalone basis.

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications	Defence Electronics	35%
2.	Design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications	Defence & Space Optics	33%
3.	Design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications	Heavy Engineering	32%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Defence Electronics	2610	35%
2.	Defence & Space Optics	2670	33%
3.	Heavy Engineering	2599	32%

### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
<b>National</b>	2	2	4
<b>International</b>	Nil	Nil	Nil

17. **Markets served by the entity:**a. **Number of locations**

Locations	Number
National (No. of States)	18 (including Union Territories)
International (No. of Countries)	9

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

Exports constitute 15.47% of the total turnover of the entity.

c. **A brief on types of customers:**

The Company majorly serves government organizations such as the Defense Research and Development Organization (DRDO), the Indian Space Research Organization (ISRO), Defense Public Sector Undertakings (DPSUs), shipyards, and ordnance factories. Additionally, its client base includes publicly listed companies like Tata, L&T, Solar, as well as numerous private and international firms operating in the defense and space industries.

IV. **Employees**18. **Details as at the end of Financial Year:**

## a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	344	270	78%	74	22%
2.	Other than Permanent (E)	Nil	Nil	Nil	Nil	Nil
3.	<b>Total employees (D + E)</b>	344	270	78%	74	22%
<b>WORKERS</b>						
4.	Permanent (F)	60	60	100%	Nil	Nil
5.	Other than Permanent (G)	Nil	Nil	Nil	Nil	Nil
6.	<b>Total workers (F + G)</b>	60	60	100%	Nil	Nil

## b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	<b>Total differently abled employees (D + E)</b>			NIL		
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)					
5.	Other than permanent (G)					
6.	<b>Total differently abled workers (F + G)</b>			NIL		

19. **Participation/Inclusion/Representation of women**

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	2	33.33%
Key Management Personnel	4	1	25%

**20. Turnover rate for permanent employees and workers**
*(Disclose trends for the past 3 years)*

Particulars	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	15%	10%	25%	12%	8%	20%	10%	7%	17%
<b>Permanent Workers</b>	12%	Nil	12%	10	Nil	10%	7%	Nil	7%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**
**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Paras Green Optics Private Limited	Wholly Owned Subsidiary	100%	No
2.	Paras Aerospace Private Limited	Subsidiary	60%	No
3.	Paras Anti-Drone Technologies Private Limited	Subsidiary	55%	No
4.	Opel Technologies Pte. Ltd.	Wholly Owned Subsidiary	100%	No
5.	Ayatti Innovative Private Limited	Subsidiary	58.02%	No
6.	Krasny Paras Defence Technologies Private Limited	Associate	47.50%	No

**VI. CSR Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover: ₹ 21,427.96 Lakhs

(iii) Net worth: ₹ 41,313 Lakhs

**VII. Transparency and Disclosures Compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) <i>(If Yes, then provide web-link for grievance redress policy)</i>	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	NA	Nil	Nil	NA
Investors (other than shareholders)	Yes	Nil	Nil	NA	Nil	Nil	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) <i>(If Yes, then provide web-link for grievance redress policy)</i>	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes	14	Nil	All the complaints were resolved within the stipulated time	3809	Nil	All the complaints were resolved within the stipulated time
Employees and workers	Yes	Nil	Nil	NA	Nil	Nil	NA
Customers	Yes	Nil	Nil	NA	Nil	Nil	NA
Value Chain Partners	Yes	Nil	Nil	NA	Nil	Nil	NA

The Policies are provided on the website of the Company [www.parasdefence.com](http://www.parasdefence.com)

#### 24. Overview of the entity's material responsible business conduct issues

The Company undertakes materiality ascertainment to find out the material issues consisting of environmental and social ones and understand the relative significance of these issues for its stakeholders and its business and therefore specific action plans are framed out for addressing each material issue at regular intervals. Such ascertainment helps in finding out key drivers for value creation over a period. In future, Paras will continue to indulge with its key internal as well as external stakeholders on continuous basis to ensure a more dynamic materiality ascertainment. The company has robust Risk Management System covering operational, Environmental, social and Governance related Risks.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change	Risk and Opportunity	Risk: Climate change and associated risks can pose challenges to company's operations (production & Supply chain disruption) due to harsh climatic conditions (flood, cyclone, higher temperature etc.) Opportunity: Climate adaptation and mitigation are key for building an eon organisation. They can also ease operational costs and drive greater efficiencies for the business conduct	Climate change may pose a risk to company's operations. To mitigate that risk, company is accelerating the process of decarbonization and stimulating activity along the value chain. We are actively monitoring our emissions and establishing goals and targets along with implementation of energy saving and energy efficiency measures.	Negative and Positive
2.	Environmental Footprints – Waste Management	Risk	Mismanagement of wastage and hazardous substances can jeopardize the well-being and safety of employees, while also resulting in considerable environmental damage, including contamination of soil and water.	The company has a proven waste management practice in vogue that makes sure that proper waste removal as per the waste category defined by the MPCB and State Pollution Control Board(s).	Negative



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Product Design & Innovation	Opportunity	<p>By prioritizing continuous improvement and keeping up with the latest technological advancements, businesses can develop innovative products that cater to changing customer demands. Adopting user-centric design, integrating sustainability practices, and nurturing a culture of creativity and collaboration can result in a competitive edge, customer allegiance, and market expansion.</p>	NA	Positive
4.	Employee Satisfaction and Wellness	Opportunity	<p>Fostering employee satisfaction represents a strategic imperative for organizations. Prioritizing key facets such as work-life equilibrium, professional advancement, competitive remuneration, and cultivating a conducive workplace ambiance can yield substantial advantages. This commitment not only enhances employee morale, productivity, and retention but also aligns with the broader objectives of the company.</p> <p>By actively engaging with employees, providing avenues for career progression, and duly recognizing their invaluable contributions, companies can cultivate a motivated workforce that, in turn, serves as a crucible for innovation. This collective motivation and dedication ultimately become instrumental in propelling the company towards overarching success.</p>	NA	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Customer Satisfaction and Retention	Positive	Satisfied customers tend to demonstrate a proclivity for loyalty, as well as advocate for Paras's products and services among their network, thus generating an upswing in sales and nurturing a favorable brand image.	NA	Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="https://www.parasdefence.com/policies/">https://www.parasdefence.com/policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)* * These policies are applicable to the Company and to the value chain partners	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Paras maintains robust compliance management system and follows all applicable SEBI regulations and Guidelines on Corporate Governance to ensure ethical, transparent and accountable business conduct among others.  The company has ISO 45001:2018; ISO 9001:2015, ISO 9100:2016, ISO9001:2015, ISO 14001: 2015, AS 9100D, DRDO registration certificate, and CVRDE registration certificate.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Our Company acknowledges the importance of setting benchmarks to measure progress in attaining all aspects of the NGRBC. As this marks our first year of ESG implementation, our goal is to outline our aspirations and objectives in the subsequent reporting cycle. We understand the vital significance of aligning our ESG efforts with our business objectives, and we commit to establishing a robust and efficient ESG strategy that ensures sustainability and delivers lasting advantages for all stakeholders.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Company has a mechanism in place to review its goals and targets periodically and takes necessary corrective actions wherever required.								



**Governance, leadership and oversight**

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

Paras has consistently been dedicated to sustainability. We recognize that our environment around us and the communities living around our estates and plants are essential to achieving our strategic objectives. Our Business Responsibility and Sustainability Report (BRSR) demonstrates our unwavering commitment and approach to sustainability in the realms of Environment, Employees, and Community. We deeply understand the significance of environmental preservation, empowering our workforce, and maintaining transparency within the industry to establish a sustainable business.

The Company is committed to ESG. The Company always adopts the methods for reduction and optimal utilization of energy, water, raw material etc. by incorporating new techniques and innovative ideas. The Company took initiatives to reduce the electricity and water consumption by adopting latest technologies.

Sustainability at Paras means conducting our operations and utilizing resources in a manner that can be sustained indefinitely without harming people, the planet, or future generations.

Munjal Sharad Shah  
 Managing Director  
 DIN: 01080863

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies). Mr. Munjal Sharad Shah, Managing Director, holds the ultimate authority for implementing and overseeing Business Responsibility & Sustainability Policies and making decisions concerning sustainability-related matters, under the guidance of the Board of Directors.

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. Yes, the Corporate Social Responsibility (CSR) Committee is responsible for sustainability related issues of the Company (Yes / No). If yes, provide details.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9

Performance against Above policies and follow up action Yes Yes Yes Yes Yes Yes Yes Yes Yes

As and when required

Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances The Company is in compliance with the existing regulations as applicable.

Quarterly

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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Yes, certified by RIR Certification Private Limited.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

The Company endures that its policies are in line with the principles prescribed by the NGRBC, MCA.

Hence, this point is Not Applicable.

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

#### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

##### ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total Number of Training and awareness programme held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
<b>Board of Directors</b>	<b>4</b>	various updates, statutory amendments, notes and presentations on relevant circulars and notifications relevant to directors including independent director, were made at the Board and Committee meetings. Independent Directors in their capacity as members of various Committees of the Board were informed on developments relating to arena of defense, economic, and operating environmental changes, new business initiatives, strategic investments, corporate governance, information technology, and various risk indicators. Knowledge refreshment sessions and quality circle programs were arranged during the year for Independent Directors of the Company. Further, updates on performance review, strategy and key regulatory developments, CSR initiatives and ESG are presented at the quarterly board meetings through presentations. The Board and Audit Committee is updated on key compliance, risk and audit observations, impact arising out of the issues along with management action plans. During FY 2022-23, approximately 22 hours have been spent by the Board of Directors on various programs, quality circles and also while attending Board/Committee meetings presentations.	100%
<b>Key Managerial Personnel</b>	<b>5</b>	The company keeps its fingers right on the pulses of industry and sector specific development and macro and micro levels besides, the company do give impetus for attending training programs specifically for the leadership team, covering important topics to enhance their skills and competencies. The key training sessions covered important topics such as the Code of Conduct, which cynosured on corporate governance and responsible corporate citizenship. Moreover, the sessions addressed the Company's vigil mechanism and long term sustainability policies	100%

Segment	Total Number of Training and awareness programme held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
<b>Employees other than BODs and KMPs</b>	<b>2</b>	The Company asserts on employee training and development. The employees undergo various training/ awareness sessions such as induction training at the time of joining, safety training, technical and compliance training during employment. During FY 2022-23 periodic awareness programs on topics like safety at workplace, HR policies and procedures, tax implications and tax savings, energy and water conservation, vendor and client management, ESG, Code of Conduct, sexual harassment, etc. were done by Paras.	92%
<b>Workers</b>	<b>2</b>	Industrial Safety training, work procedures, processing standards etc. are provided to the workers on a continuous basis. Additionally, the Company has developed special training programs for the workers to enhance their skills. The main aspects covered in such trainings are Job specific training, Safety and quality training, work procedures and guidelines.	87%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
Category	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine			Nil		
Settlement			Nil		
Compounding Fee			Nil		
Non-Monetary					
Imprisonment			Nil		
Punishment			Nil		

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case details	Name of the Regulatory / Enforcement Agencies / Judicial institutions
NA	NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes.

The Company has an anti-corruption and anti-bribery policy. The policy asserts on our zero-tolerance approach towards corruption and bribery. The policy also provides information and guidance on how to trace and deal with bribery and corruption issues. As a part of our training on the Code of Conduct, anti-bribery awareness sessions are also given to employees on Anti-Corruption and Anti-bribery topics. The weblink for this policy is <https://www.parasdefence.com/policies/>.

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

**6. Details of complaints with regard to conflict of interest:**

Category	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest**

Not Applicable as there are no fines / penalties / action taken by any regulators/ law enforcement authority during the financial year.

**LEADERSHIP INDICATORS**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total Number of Training and awareness programme held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the code of conduct for Board Members and Senior Management covers in detail the concern of conflict of interest and Director's and Senior Management are required to annually provide declarations of compliance with the code of conduct.

The code of conduct is uploaded on the website of the company and the link for the same is given below:

<https://www.parasdefence.com/Investors/Policies/16.%20Paras%20Defence%20-%20Code%20of%20Conduct%20for%20Board%20of%20Directors%20and%20SMPs.pdf>

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**ESSENTIAL INDICATORS**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Category	Current FY 2022-23	Previous FY 2021-22	Details of improvements in environmental and social impacts
R&D	0.5%	0.2%	Paras has been dealing in the segments of optics and optronics system and defence engineering while focusing on improving the environmental and societal effects of its products, striving for a more sustainable and socially accountable approach.
Capex	99.5%	99.8%	



2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**  
 b. **If yes, what percentage of inputs were sourced sustainably?**

Yes. At Paras, we are committed for sustainable sourcing performance and factors are considered in the process of opting the suppliers of major raw material. More than 80% of the inputs, approximately, are sourced sustainably. The Company has established procedures to ensure reasonable sourcing backed up by supplier code of conduct. Through the Supplier code of Conduct, the Company focuses to stimulate sustainability among its vendors and provoke responsible demeanor beyond its manufacturing amenities.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company is in the business of providing technology and technological products and services for Defense and Space sector. Hence, the Company does not reclaim its products from its customers. The Company has a proper process keeping all regulatory norms in mind for reusing / recycling and disposing of end of life for plastics including packaging material, e-waste, hazardous waste and other types of waste from its production cycle. Further, the Company is abiding with all conditions and procedures mentioned by respective State Pollution Control Boards.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable

The main products of the Company are Defense and space technology products for use in security applications. Once the products are sold, they would not be returned to the Company.

#### LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
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The Company has two production units certified on ISO 45001:2018; ISO 9001:2015, ISO 9100: 2016, ISO 14001: 2015, AS9100D, DRDO registration certificate, and CVRDE registration certificate. All the units carry out its environmental risk assessment w.r.t. life cycle perspective as per the requirement of the Environments Management Systems Standard.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not Applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)**

Indicate input material	Recycled or re-used input material to total material	
	FY 22-23 Current Financial Year	FY 21-22 Previous Financial Year

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Category	FY 2022-23 Current Financial Year			2021-22 Previous Financial Year		
	Re-Use	Recycled	Safely Disposed	Re-Use	Recycled	Safely Disposed
Plastics (including packaging)						
E-waste						
Hazardous waste						Not Applicable
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category. The products of the company are such that once they are sold they never come back or reclaimed by the company.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	Not Applicable

### PRINCIPLE 3 BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

#### ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	-	-	-	-	-	-	-	5	1.2%	-	-
Female	-	-	-	-	-	4	1%	-	-	-	-
<b>Total</b>	-	-	-	-	-	4	1%	5	1.2%	-	-
<b>Other than Permanent Employees</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

Note: Eligible employees falling under the parameters of Workmen Compensation Act, 1923 and ESIC are covered under the respective laws.

- b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-



**2. Details of retirement benefits, for Current FY and Previous Financial Year**

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	29%	-	Yes	15%	-	Yes
Gratuity	100%	-	Yes	100%	-	Yes
ESI	27%	-	Yes	14%	-	Yes
Others please specify	-	-	-	-	-	-

**3. Accessibility of workplaces –**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes, the Company has necessary infrastructure in place to make the workplaces accessible to differently abled employees, workers and visitors. Such infrastructural arrangements include without limitation, easily accessible sites and building entrances, easily operated doors, sufficient illuminated wide corridors etc

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the web-link of the policy is <https://www.parasdefence.com/policies/>

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	99%	99%	100%	100%
Total	100%	100%	100%	100%

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Category	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, all the employees can forward their grievances by phone call, email other verbal/ written means of communication and company has vigil mechanism and whistle blower policy for redressal of grievance. The employees can approach their Head of Department (HoD), HR.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

The Company does not have any employees and worker in association(s) or Unions.

**8. Details of training given to employees and workers:**

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	10	5	50	5	50	6	3	50	3	50
Female	8	4	50	4	50	6	3	50	3	50
<b>Total</b>	<b>18</b>	<b>9</b>	<b>50</b>	<b>9</b>	<b>50</b>	<b>12</b>	<b>6</b>	<b>50</b>	<b>6</b>	<b>50</b>
<b>Workers</b>										
Male	12	6	50	6	50	12	6	50	6	50
Female	12	6	50	6	50	12	6	50	6	50
<b>Total</b>	<b>24</b>	<b>12</b>	<b>50</b>	<b>12</b>	<b>50</b>	<b>24</b>	<b>12</b>	<b>50</b>	<b>12</b>	<b>50</b>

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male						
Female						Nil
<b>Total</b>						
<b>Workers</b>						
Male						
Female						Nil
<b>Total</b>						

**10. Health and safety management system:****a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system**

Yes. RIR Certification Private Limited has granted ISO 45001:2018 certification to all our Company's Plants. This certification serves to mitigate potential hazards for employees and visitor within our premises, fostering cost efficiency and diminishing occupational incidents. The Company upholds occupational health and safety management as a paramount importance.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company diligently reviews work-related hazardous risk on a quarterly basis, facilitating the identification of safety concerns across diverse manufacturing processes and sustaining a regimen of compliance monitoring. The Company has proficiently recognized hazardous risks on routine and non-routine basis.

To cultivate a wholesome work atmosphere characterized by minimal accidents, the Company consistently scrutinizes its safety apparatus. Every recommendations received from Regulator(s) and industry forums pertaining to employee and worker safety and health is promptly implemented, signifying our steadfast commitment to this vital aspect.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/ No) Yes.****d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, the eligible Employees / workers are covers under various statutory regulations as applicable to the Company.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	3	5
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

- Creation of an Emergency Assembly Area, ensuring secure congregation during critical situations.
- Establishment of a Fire Hydrant and sprinkler System to tackle fire-related hazards.
- Provision of Personal Protective Equipment (PPE) during work activities.
- Ensuring accessible drinking water facilities and sanitation amenities.
- Implementation of CCTV cameras, bolstering physical security and premises surveillance.
- Availability of comprehensive Standard Operating Procedures (SOPs) within the work environment.
- Conduction of Health and Safety Trainings and Mock Drills at regular intervals for heightened awareness.
- Regular execution of Safety Audits to assess and enhance safety protocols.

**13. Number of Complaints on the following made by employees and workers:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	NA	Nil	Nil	NA
Health & Safety	Nil	Nil	NA	Nil	Nil	NA

**14. Assessments for the year:**

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% (All our plants are ISO 45001:2018 certified through RIR Certification Private Limited and regular ISO audits/reviews are conducted)
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

The Company holds ISO 45001 certification across all its plants and actively integrates recommendations aimed at bolstering safety measures and risk management throughout our product life cycle. The ISO 45001 audits are treated with utmost seriousness by the Management and are consistently overseen to address any observations raised by the ISO auditors.

**LEADERSHIP INDICATORS**
**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes, the eligible Employees / workers are covers under various statutory regulations as applicable to the Company.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

- GST reconciliation is monitored and completed every month between GSTR-1 (sales), GSTR-2A & GSTR-2B (ITC) and GSTR-3B (Net liability for payment).
- TDS deducted by customers is reconciled with Form 26AS and TDS liability for vendors is deducted and paid timely.
- The Company consistently emphasizes to its value chain partners the imperative of not only deducting the statutory dues but also promptly remitting all statutory obligations.

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

**5. Details on assessment of value chain partners:**

Category	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	Nil

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

NA.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS****1. Describe the processes for identifying key stakeholder groups of the entity**

The key stakeholders identified by the company are its, Suppliers, Employees, Shareholders, Government, Regulatory & Statutory Bodies, Auditors, Bankers, Technical and JV Partners.

The Company has a mechanism for identification of key stakeholders. The various Stakeholders engagement with the company is an ongoing process and efforts are made to improve deep relationships with the stakeholders keeping the expectations and the objectives of the company in mind. The feedback from various stakeholder is welcome and the management works towards improving such relationships.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, Notices and other communication mechanisms	Regular	Regular update on engagement with the Company
Shareholders / Investors	No	Emails, Newspaper, Advertisement, website of the Company and Stock Exchanges and General Meetings	Event specific and as per statutory requirements	To appraise periodically on Company Performance To answer queries of investors on operations of the Company and other secretarial matters
Suppliers & Distributors	No	Emails, personal and telephonic meetings	As and when required	Purchase orders, Sales orders, Advertisements, Conference meets
Product end users	No	All types of digital and other marketing channels	Frequently	To enhance sales
Government agencies	No	Email, personal meetings, Con-calls, Video Conference	As and when required	Compliance with applicable requirements and industry standards

**LEADERSHIP INDICATORS****1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Management ensures periodic meetings of the Senior level Management with various Stakeholders. The Company endeavors to understand the requirement and expectations of the Stakeholders on Environmental, Social and Governance (ESG) concerns, which enables the Company to enhance stakeholder value.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, the stakeholder consultation is used to support the identification and management of environmental, and social topics affecting the Company. The formulation of the Company Policies pertaining to Environment and Social have been a result of continuous interactions with the Government Regulatory Authorities, Distributors, Suppliers and the local community.

### 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company continuously engages with its vulnerable stakeholders which constitute workmen in critical operations specially those functions which require long hours of work with chemicals and other equipment's.

These stakeholders are regularly updated by new technologies, safety measures and by latest techniques developed by the industry and trade boards to address such risk. The Company also is committed to spend an allotted budget to help improve the lives of people and communities living in the vicinity of its manufacturing units.

Various welfare measures, directly and indirectly are supported by the Company as an ongoing process in the field of healthcare, education and upliftment of poor sections of the society.

## PRINCIPLE 5 BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

### ESSENTIAL INDICATORS

#### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	344	87	25	162	42	26
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Employees</b>	<b>344</b>	<b>87</b>	<b>25</b>	<b>162</b>	<b>42</b>	<b>26</b>
<b>Workers</b>						
Permanent	60	23	38	20	7	35
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Workers</b>	<b>60</b>	<b>23</b>	<b>38</b>	<b>20</b>	<b>7</b>	<b>35</b>

#### 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
<b>Permanent</b>										
Male	274	36	13%	238	87%	120	10	8%	110	92%
Female	70	19	27%	57	81%	48	7	14%	41	85%
<b>Other than Permanent</b>										
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Workers</b>										
<b>Permanent</b>										
Male	60	34	57%	26	43%	10	8	80%	2	20%
Female	Nil	Nil	Nil	Nil	Nil	3	3	1%	Nil	Nil
<b>Other than Permanent</b>										
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**3. Details of remuneration/salary/wages, in the following format:**

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in Lakhs)	Number	Median remuneration/salary/ wages of respective category (₹ in Lakhs)
Board of Directors (BoD)	3	22.25	2	30.20
Key Managerial Personnel	3	116.38	0	0
Employees other than BoD and KMP	264	2040.59	80	1435.98
Workers	60		Nil	

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, the HR Head and Executive Directors of the company are responsible for addressing any human rights impacts or issues that may be caused or influenced by the company's operations. These obligations are outlined and covered in the company's Human Rights policy.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The Company has a robust grievance redressal system. Paras complies with applicable labour Laws and a periodical compliance report which has been submitted by Heads of Divisions. Further, Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is constituted in the company to deal with Complaints related to Sexual Harassment and conduct enquiries on such issues.

**6. Number of Complaints on the following made by employees and workers:**

Category	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The complainant can directly approach the chairman of the Audit Committee as per the Board approved vigil mechanism & whistle blower policy which provides for inherent safeguards against victimization of complainants. Wherever possible and permissible, the Company evaluates transferring or posting the Complainants in a different department/role.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, all our business agreements and contracts require the counter-party to comply with applicable regulatory requirements, which include human rights.

**9. Assessments for the year:**

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	Nil

**10. details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

**LEADERSHIP INDICATORS**
**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

As the Company has not received any major human rights grievances/complaints, there was no need to modify/introduce any business process.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

Not Applicable, as no Human rights due-diligence conducted during the year.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the Company actively promotes an inclusive accessibility framework.

**4. Details on assessment of value chain partners:**

Coverage	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Nil
Discrimination at workplace	Nil
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Wages	Nil
Others – please specify	Nil

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not Applicable

**PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT**
**ESSENTIAL INDICATORS**
**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Total electricity consumption (A)	2,91,07,349.62	2,36,66,899
Total fuel consumption (B)	224705	180178
Energy consumption through other sources (C)	Nil	Nil
<b>Total energy consumption (A+B+C)</b>	<b>2,93,32,054.62</b>	<b>2,38,47,077</b>
Energy intensity per rupee of turnover ( <i>Total energy consumption/turnover in rupees</i> )	1.4	1.3
Energy intensity ( <i>optional</i> ) – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	8,771	6,794
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>8,771</b>	<b>6,794</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>8,771</b>	<b>6,794</b>
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	<b>0.05</b>	<b>0.03</b>
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

The Company has implemented Zero Liquid Discharge (ZLD) across the plants. Waste water treatment system comprises of Sewage Treatment Plant (STP), Effluent Treatment Plant (ETP), Multi-effect Evaporator (MEE). These state-of-the-art technologies ensure to make treated wastewater is fit for reuse/ recycle for gardening purposes, cooling tower / chilling plant and other permitted uses.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	Nil	Nil	Nil
Sox	Nil	Nil	Nil
Particulate matter (PM)	Nil	Nil	Nil
Persistent organic pollutants (POP)	Nil	Nil	Nil
Volatile organic compounds (VOC)	Nil	Nil	Nil
Hazardous air pollutants (HAP)	Nil	Nil	Nil
Others – please specify	Nil	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format: No emissions.**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Nil	Nil
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Nil	Nil
<b>Total Scope 1 and Scope 2 emissions per rupee of Turnover</b>	Nil	Nil	Nil
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity	Nil	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

The Company is operating in the segment where there is no greenhouse gases emission.



**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Nil	Nil
E-waste (B)	Nil	Nil
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	Nil	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	Nil	Nil
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Nil	Nil
<b>Total (A+B + C + D + E + F + G + H)</b>	Nil	Nil
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	Nil	Nil
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	Nil	Nil
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes**

The Company is operating in a segment in which there is no waste or residue generation.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Not Applicable as no operations/ offices are located in/around ecologically sensitive areas

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
NA			

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
No there were no Environmental Impact Assessments of projects were undertaken during the reporting period of FY 2022-23.					

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes, the Company is compliant with the above stated laws.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NA				

**LEADERSHIP INDICATORS****1. Provide break-up of the total energy consumed (in kWh) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	Nil	Nil
<b>From non-renewable sources</b>		
Total electricity consumption (D)	16,46,343	13,43,497
Total fuel consumption (E)	13,382.16	5,480
Energy consumption through other sources (F)	Nil	Nil
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	16,59,725.16	13,48,977

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No.

**2. Provide the following details related to water discharged:**

Water consumption at our premises is primarily for drinking, personal hygiene and general cleaning purposes. Excess waste water is discharged through local sewage systems.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

None of our plants/facilities are located in water stress areas.

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area : NA
- (ii) Nature of operations: NA

Water withdrawal, consumption and discharge in the following format: Water consumption at our premises is primarily for drinking, personal hygiene and general cleaning purposes. Excess waste water is discharged through local sewage systems.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.  
The Company has not undertaken any third-party assessment.

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>		
<b>Total Scope 3 emissions per rupee of turnover</b>			
<b>Total Scope 3 emission intensity (optional)</b> – the relevant metric may be selected by the entity			

The process of computation will be initiated and the particulars will be made available in due time.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not applicable, as the Company does not have any operations/offices in/around ecologically sensitive areas.

- 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative ( <i>Web-link, if any, may be provided along-with summary</i> )	Outcome of the initiative
1.	Deployment of energy-efficient equipment across all manufacturing units and offices	Acquired Energy-Efficient Equipments	It helped in reduction of overall Energy consumption
2.	Sustaining a Zero Liquid Discharge (ZLD) approach	Installed Waste water treatment system comprises of Sewage Treatment Plant (STP), Effluent Treatment Plant (ETP), Multi-Effect Evaporator (MEE).	Used for gardening purposes, cooling tower / chilling plant and other permitted uses.

- 7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

The Company has a business continuity and disaster management plan that effectively encompasses the strategies and protocols required to maintain uninterrupted production and safeguard market share in the face of potential disruptions arising out of natural calamities. Additionally, the disaster management plan ensure protection of our technology including critical and sensitive information.

- 8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

The Company is a technology based Company as a result of which no effluents that affects the environment are generated during the course of its business.

- 9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**  
Not Applicable

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

**ESSENTIAL INDICATORS**

- 1. a. Number of affiliations with trade and industry chambers/ associations.**  
**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Society of Indian Defence Manufactures - SIDM	National
2.	EEPC India	National
3.	Federation of Indian Export Organisation - FIEO	National
4.	Authorised Economic Operator – AEO	National

- 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
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Not applicable, as the Company did not advocate any public policy during the fiscal year 2022-23.

**LEADERSHIP INDICATORS**

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
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Not Applicable

**PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT****ESSENTIAL INDICATORS**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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No SIA projects were done during the reporting period by the Company.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
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Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community:**

The Company indulges with the community by undertaking both informal and formal sessions being held throughout the year to facilitate interactions and take their feedback and queries through CSR programs.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Category	FY 22-23 Current Financial Year	FY 21-22 Previous Financial Year
Directly sourced from MSMEs/ small producers	35.04	25.59
Sourced directly from within the district and neighbouring districts	NA	NA

**LEADERSHIP INDICATORS**

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
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Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount Spent (Amount in Rs.)
1	Gujarat	Nara, Kutch	21,25,000/-
2	Maharashtra	Mumbai	40,00,000/-

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?** No

(b) **From which marginalized /vulnerable groups do you procure?** NA

(c) **What percentage of total procurement (by value) does it constitute?** NA

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable

**6. Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Health services - OPD and surgeries	1,00,000	32
2.	Charity on animals feed and human shelter camps, food in calamities	300	29

The spending on CSR is as per the provisions of section 135 read with Schedule VII of the Act. There is no any unspent amount as CSR obligation at the end of fiscal 2022-23 and spend ₹ 61,25,000/- an excess spending of ₹ 7,88,099/- as against obligation of ₹ 53,36,901/-.

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER**
**ESSENTIAL INDICATORS**
**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

All our consumers have a well-defined, structure for registering their complaints/ observations on the product / technology supplied by our company. Our Company engages at various authorized levels, with each such customers and ensures that the non-disclosure and confidentiality clauses in our agreements are strictly followed and necessary corrective action taken.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	100
Recycling and/or safe disposal	NA

**3. Number of consumer complaints in respect of the following:**

Category	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy			Throughout the reporting period, Paras received no complaints which are relevant to this section.			
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

**4. Details of instances of product recalls on account of safety issues:**

Category	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company have a framework/ policy on cyber security and risks related to data privacy. The Link for the same is <https://www.parasdefence.com/policies/>

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

No incidents of issues pertaining to advertising and delivery of essential services; and data privacy of customers; product recalls were reported in the review period of FY 22-23.

**LEADERSHIP INDICATORS**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

The Company is in the niche segment of Defence and it requires high level of product confidentiality in the interest of National Safety. Hence, the product information together with Technical Data is made available to the Customer's special requests for copies of the same are forwarded through encrypted e-mails.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

We have conviction in the importance of providing accurate and transparent product information to our customers. Regular communication with customers is done by our technical team and various training programs are conducted to educate on safe and efficient use of products.

**3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services**

The main products of the Company are heavy engineering and technical products, defence sector items, optic components, electronics and mechanical items for use in strategic/national security applications by Indian Armed Forces. Paras is committed to provide support to customers till our product is in service.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

Yes, the Company strictly follows all the applicable regulations for product information and labeling. All the critical products are supplied with safety instructions highlighting the Do's and Don'ts while product handling.

**5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, Paras has regular interactions with customer for the satisfaction and review of its products and services and steps are taken to improve its services and to meet the customer's expectations as per the suggestions received from respective customers.

**6. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches along-with impact: Nil
- b. Percentage of data breaches involving personally identifiable information of customers: NA.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

## PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

### Report on the Audit of the Standalone Financial Statements

#### OPINION

We have audited the accompanying Standalone Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Statement of Standalone Profit and Loss (including Other Comprehensive Income), the Statement of Standalone Changes in Equity and the Statement of Standalone Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit including Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of

the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

#### KEY AUDIT MATTERS (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

#### Key Audit Matter

##### 1) Revenue:

During the year, the Company's revenue from operation has been increased by 19.04%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.

Significant Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with IND AS115 'Revenue from contracts with customers', resulting into recognition of revenue in incorrect period.

#### How our audit addressed the key audit matter

We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:

- Assessing the systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue.
- Performed sample tests of individual sales transaction and traced to sales invoices, sales orders shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders;
- Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 115.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>2) Inventories</b></p> <p>As of March 31, 2023, inventories appear in the Standalone Financial Statements for an amount of ₹ 9,149.35 Lakhs constitutes 18.18% of the total assets of the Company. Inventories are valued at the lower of cost and net realizable value</p> <p>The Company may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.</p> <p>We considered this matter as key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• Significance of the inventories balance.</li> <li>• Complexities involve in determining quality of inventories and quantities on hand due to the number, weight, diversity of inventory, storage, Valuation procedure including of obsolete inventories.</li> </ul> <p>Refer note no. 1.3 (H) and 9 to the Standalone Financial Statements.</p>	<p>Our audit procedure included, among others:</p> <ul style="list-style-type: none"> <li>• Reviewing the Company's process and procedure for physical verification of the Inventories, identification of non-moving and obsolete items and accounting for the same.</li> <li>• Obtaining the physical inventory count reports of the Management as per verification plan and discussing with the Management about the Control checks performed by them</li> <li>• Assessing the methods used to value inventories and ensuring the consistency of accounting methods.</li> <li>• Testing, by sampling, the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories.</li> <li>• Analyzing the company's assessment of net realizable value and calculations for stock obsolescence.</li> <li>• Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 2.</li> <li>• Obtaining representation letter from the management as per SA 580 (revised) – Written representations.</li> </ul>

## INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Standalone Financial Statements and our auditor's report thereon. The above information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the Statement of changes in equity of the Company in accordance with the Ind AS and the other accounting principles generally accepted in India.

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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## AUDITORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our

auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 Standalone Balance Sheet, the Statement of Standalone Profit and Loss (Including other comprehensive income), the Statement of Standalone Changes in Equity and the Statement of Standalone Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and as represented by the management:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements as referred to in Note No. 35 to the Standalone Financial Statements;
- 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.
- iv. (a) Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, during the year no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (c) Based on our audit procedure conducted that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has also not proposed dividend for the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants  
Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner  
Membership No. 122179  
UDIN No.: 23122179BGQWTU9518  
Mumbai  
Date: May 16, 2023

## ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2023)**

- i. In respect of its Property, Plant and Equipment and Intangible Assets:
- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment on the basis of available information.
  - (B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.
- b. As explained to us, the Company has physically verified certain property, plant and equipment, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
- c. According to the information and explanations provided to us and the records examined by us and based on the examination of the registered sale deed/ conveyance deed (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), we report that, the title deeds, comprising the immovable properties of land and buildings which are freehold, are held in the name of the Company, as at the balance sheet date.
- d. According to information and explanations given to us and books of account and records produced before us, Company has not revalued its Property, Plant and Equipment or Intangible Assets or both during the year.
- e. According to information and explanations and representation made by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988(45 of 1988) and rules made thereunder.
- ii. a. As explained to us and on the basis of the records produced before us, in our opinion, physical verification of the inventories, except for inventories with job workers for which confirmation have been received from such job worker, have been conducted at reasonable intervals by the management and having regard to the size and nature of business of the Company and nature of its inventory, the coverage and procedures of such verification by the management is appropriate. As explained to us and on the basis of the records produced before us, the value of the discrepancies noticed on physical verification by management did not exceed 10% or more in aggregate of each class of inventory.
- b. As per the information and explanations given to us and examination of books of account and other records produced before us, in our opinion quarterly returns or statements filed by the Company with the banks pursuant to terms of sanction letters for working capital limits secured by current assets are in agreement with the books of account of the Company.
- iii. With respect to investments made in or any guarantee or security provided or any loans or advances in the nature of loans, secured or unsecured, granted during the year by the Company to Companies, Firms, Limited Liability Partnerships or any other parties:
- As per the information and explanations given to us and books of account and records produced before us, during the year Company has not provided any guarantee or security or has not granted any advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other entities. However, the details of Loans granted are as under:

Particulars	Loans (₹ In lakhs)
A. Aggregate amount granted during the year	
- Subsidiaries	120.00
- Others	1,173.26
B. Balance outstanding as at balance sheet date in respect of above cases including given in earlier years	
- Subsidiaries	120.00
- Others	1,116.20

- In our opinion and according to information and explanations given to us and on the basis of our audit procedures, the investments made and the terms and conditions of all loans are, *prima facie*, not prejudicial to the Company's interest.
- According to the books of account and other records examined by us, in respect of loans granted by the Company where the schedule of repayment of principal and payment of interest has been stipulated, the repayments or receipts are generally regular.
- According to the books of account and other records examined by us, in respect of the loans, there is no amount overdue for more than ninety days.
- In our opinion and according to the information and explanations given to us and the books of account and other records examined by us, loans granted which have fallen due during the year have not been renewed or

extended and no fresh loans have been granted to settle the over dues of existing loans given to the same parties.

- f. In our opinion and according to the information and explanations given to us and other records examined by us, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations provided to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of loans granted and investments made, as applicable. The Company has not provided any guarantee or security to the parties covered under Section 185 of the Act.
- v. According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of clause (v) of the paragraph 3 of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the

Central Government under Section 148 (1) of the Act, as applicable and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. According to the information and explanations given to us in respect of statutory dues:
- a. The Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable.
- b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statutes	Nature of the Dues	Period to which it relates	Amounts (₹ in Lakhs)	Forum where the dispute is pending
Custom Duty	The Customs Act, 1962	2019-20	16.54	Commissioner of Customs (Appeals)
Goods and Services Tax	Goods and Services Tax Act, 2017	2017-19	15.16	Deputy Commissioner
Income Tax	The Income Tax Act, 1961	2007-08, 2009-10 to 2015-16, 2019-20	86.44	Commissioner / CPC
<b>Total</b>			<b>118.14</b>	

- viii. According to the information and explanations given to us and representation made to us by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. a. In our opinion and according to the information and explanation given to us and books of account and other records examined by us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. In our opinion, and according to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c. In our opinion, and according to the information and explanations given to us and other records examined by us, during the year the Company has not taken any term loan and no term loan was outstanding at the beginning of the year. Therefore, provisions of clause (ix)(c) of paragraph 3 of the Order are not applicable to the Company.
- d. According to the information and explanations given to us, and based the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that, *prima facie*, no funds raised on short-term basis have been used during the year for long-term purposes by the Company.
- e. According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate Company.
- f. According to the information and explanations given to us and procedures performed by us, during the year, the Company has not raised any loan on the pledge of securities held in its subsidiaries or associate Company. Therefore, provisions of clause

- (ix)(f) of paragraph 3 of the Order are not applicable to the Company.
- x. a. According to the information and explanations given to us, during the year the Company has not raised any money by way of initial public offer or further public offer; however the Company had raised ₹ 17,077.85 Lakhs through Initial Public Offer (IPO) in the previous year. As on March 31, 2023, the Company has utilized ₹ 15,179.35 Lakhs for the purpose for which it has been raised. Un-utilized amount of ₹ 1,898.50 Lakhs (which was due to be spend for the purchase of machinery and equipment during the fiscal year 2023, in respect of which the Board of Directors at their meeting held on March 29, 2023 proposed to spend by fiscal year 2024 for purchase of machinery and equipment and construction of building / civil work; which has since been approved by the shareholders of the Company through the e-voting postal ballot) is either temporarily invested in term deposits with scheduled commercial bank or lying with monitoring agency account.
- b. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible); Therefore, the provisions of clause (x)(b) of paragraph 3 of the Order are not applicable to the Company.
- xi. a. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- b. According to the information and explanations given to us, No report under sub-section (12) of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion, Company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.
- xiv. a. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- xvi. a. In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- b. In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934.
- c. In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d. In our opinion, and according to the information and explanations provided to us, the Group does not have any Core Investment Company (CIC).
- xvii. In our opinion, and according to the information and explanations provided to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Therefore, provisions of clause (xviii) of paragraph 3 of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its

liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. With respect to CSR contribution under section 135 of the Act:
- a. According to the information and explanations given to us and on the basis of our audit procedures, in respect of other than ongoing projects, there were no unspent amount that were required to be transferred to a Fund specified in Schedule VII in compliance with second proviso to sub-section (5) of section 135 of the Act.

- b. According to the information and explanations given to us, the Company does not have any ongoing projects. Therefore, the provisions of clause (xx) (b) of paragraph 3 of the Order are not applicable to the Company.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants  
Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner  
Membership No. 122179

UDIN No.: 23122179BGQWTU9518

Mumbai  
Date: May 16, 2023

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2023)**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls with reference to Standalone Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (‘the Company’) as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to the Standalone Financial Statements based on the internal control 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 (the “Guidance Note”) 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.

### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial

Statements, 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 Standalone 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 with reference to Standalone Financial Statements.

### **MEANING OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

A Company’s internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to Standalone Financial Statements 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the Standalone Financial Statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the ICAI.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner

Membership No. 122179

UDIN No.: 23122179BGQWTU9518

Mumbai

**Date: May 16, 2023**





# STANDALONE BALANCE SHEET

as at March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2023		As at March 31, 2022	
<b>I. ASSETS</b>					
<b>1) Non Current Assets</b>					
(a) Property, Plant and Equipment	2	14,035.87		13,471.04	
(b) Capital Work in Progress	2	380.66		49.88	
(c) Investment property	3	1,697.22		1,783.20	
(d) Intangible Assets	4	82.34		96.81	
(e) Financial Assets					
i) Investments	5	1,923.53		414.53	
ii) Loans	6	1.59		-	
iii) Other Financial Assets	7	1,215.29		83.63	
(f) Other Non Current Assets	8	702.21	<b>20,038.71</b>	166.27	<b>16,065.36</b>
<b>2) Current Assets</b>					
(a) Inventories	9	9,149.35		6,640.96	
(b) Financial Assets					
i) Trade Receivables	10	14,477.65		12,174.51	
ii) Cash and Cash Equivalents	11	1,559.04		165.54	
iii) Bank Balances other than (ii) above	12	2,152.26		7,275.05	
iv) Loans	13	1,234.61		6.63	
v) Other Financial Assets	14	49.45		236.18	
(c) Other Current Assets	15	1,658.34		2,733.69	
		<b>30,280.70</b>		<b>29,232.56</b>	
(d) Assets held for Sale	42	-	<b>30,280.70</b>	151.00	<b>29,383.56</b>
<b>TOTAL ASSETS</b>			<b>50,319.41</b>		<b>45,448.92</b>
<b>II. EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
(a) Equity Share Capital	16	3,900.00		3,900.00	
(b) Other Equity	17	37,413.00	<b>41,313.00</b>	33,861.65	<b>37,761.65</b>
<b>LIABILITIES</b>					
<b>1) Non Current Liabilities</b>					
(a) Financial Liabilities					
(i) Other Financial Liabilities	18	-		10.05	
(b) Deferred Tax Liabilities (Net)	19	2,117.06		2,112.59	
(c) Provisions	20	200.41		133.34	
(d) Other Non Current Liabilities	21	-	<b>2,317.47</b>	12.33	<b>2,268.31</b>
<b>2) Current Liabilities</b>					
(a) Financial Liabilities					
i) Borrowings	22	-		2,912.63	
ii) Trade Payables	23				
(A) Total Outstanding dues of Micro enterprises and small enterprises		286.75		126.05	
(B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises		2,186.88		1,398.24	
iii) Other Financial Liabilities	24	429.58		337.20	
(b) Other Current Liabilities	25	2,981.68		57.92	
(c) Provisions	26	25.00		20.65	
(d) Current Tax Liabilities (Net)		779.05	<b>6,688.94</b>	566.27	<b>5,418.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>50,319.41</b>		<b>45,448.92</b>
Significant Accounting Policies	1				
Notes to the Standalone Financial Statements	2 to 48				

As per our report of even date

**For Chaturvedi & Shah LLP**Chartered Accountants  
(Firm Registration No. 101720W/W100355)**ANUJ BHATIA**Partner  
Membership No. 122179**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**Managing Director  
DIN: 01080863**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**Chairman and Director  
DIN: 00622001**HEMAL KUMAR SAGALIA**Company Secretary  
Membership No. FCS7620

# STATEMENT OF STANDALONE PROFIT AND LOSS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1 Revenue From Operations	27	21,427.96	18,000.01
2 Other Income	28	833.30	300.86
<b>3 Total Income (1+2)</b>		<b>22,261.26</b>	<b>18,300.87</b>
<b>4 Expenses</b>			
Cost of Materials Consumed		9,673.51	7,694.26
Purchase of Stock in Trade		1,697.19	491.62
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	29	(1,029.89)	(72.16)
Employee Benefits Expense	30	2,040.59	1,435.98
Finance Costs	31	621.03	777.83
Depreciation and Amortisation Expense	32	1,067.68	1,031.99
Other Expenses	33	3,518.46	3,302.10
<b>Total Expenses</b>		<b>17,588.57</b>	<b>14,661.62</b>
<b>5 Profit Before Exceptional Items and Tax (3-4)</b>		4,672.69	3,639.25
6 Exceptional Items		-	-
<b>7 Profit Before Tax (5-6)</b>		<b>4,672.69</b>	<b>3,639.25</b>
<b>8 Tax Expenses :</b>			
Current Tax		1,173.48	1,008.01
Deferred Tax	19	(28.87)	(59.62)
Income Tax for Earlier Years		(64.74)	-
		<b>1,079.87</b>	<b>948.39</b>
<b>9 Profit for the Year (7-8)</b>		<b>3,592.82</b>	<b>2,690.86</b>
<b>10 Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Remeasurement Loss on Defined Benefit Plans		8.13	1.05
Tax Effect on above		(2.05)	(0.26)
<b>(ii) Items that will be reclassified to Profit or Loss</b>		-	-
<b>Total Other Comprehensive Income (Net of Tax)</b>		<b>6.08</b>	<b>0.79</b>
<b>Total Comprehensive Income for the Year (9-10)</b>		<b>3,586.74</b>	<b>2,690.07</b>
<b>11 Earnings per Equity Share of ₹ 10/- each</b>	34		
Basic (₹)		9.21	7.73
Diluted (₹)		9.21	7.73
Significant Accounting Policies	1		
Notes to the Standalone Financial Statements	2 to 48		

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**

Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**

Managing Director  
DIN: 01080863

**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**

Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**

Company Secretary  
Membership No. FCS7620



# STATEMENT OF STANDALONE CHANGES IN EQUITY

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL

Particulars	Balance as at April 01, 2021	Changes during the Year	Balance as at March 31, 2022	Changes during the year	Balance as at March 31, 2023
Equity Share Capital	2,985.31	914.69	3,900.00	-	3,900.00

## B. OTHER EQUITY

Particulars	Reserves and Surplus				Revaluation Reserve	Item of Other Comprehensive Income Remeasurements of Defined Benefit Plans	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings			
<b>Balance as at April 01, 2021</b>	(808.36)	4,315.35	11.92	9,904.35	4,183.09	45.41	17,651.76
Issue of Equity Shares (Refer Note No. 16.2, 16.3 and 16.4)	-	14,785.47	-	-	-	-	14,785.47
Expenses related to Issue of Equity Shares (Net of Taxes)	-	(1,265.65)	-	-	-	-	(1,265.65)
Total Comprehensive Income for the year	-	-	-	2,690.86	-	(0.79)	2,690.07
<b>Balance as at March 31, 2022</b>	<b>(808.36)</b>	<b>17,835.17</b>	<b>11.92</b>	<b>12,595.21</b>	<b>4,183.09</b>	<b>44.62</b>	<b>33,861.65</b>
<b>Balance as at April 01, 2022</b>	(808.36)	17,835.17	11.92	12,595.21	4,183.09	44.62	33,861.65
Reversal of deferred tax (IPO related Expenses)	-	(35.39)	-	-	-	-	(35.39)
Total Comprehensive Income for the year	-	-	-	3,592.82	-	(6.08)	3,586.74
<b>Balance as at March 31, 2023</b>	<b>(808.36)</b>	<b>17,799.78</b>	<b>11.92</b>	<b>16,188.03</b>	<b>4,183.09</b>	<b>38.54</b>	<b>37,413.00</b>

As per our report of even date

### For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

### ANUJ BHATIA

Partner  
Membership No. 122179

Date: May 16, 2023

For and on behalf of the Board of Directors

### MUNJAL SHAH

Managing Director  
DIN: 01080863

### HARSH BHANSALI

Chief Financial Officer

### SHARAD SHAH

Chairman and Director  
DIN: 00622001

### HEMAL KUMAR SAGALIA

Company Secretary  
Membership No. FCS7620

# STATEMENT OF STANDALONE CASH FLOW

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before Tax as per the Statement of Profit and Loss	4,672.69		3,639.25	
<b>ADJUSTED FOR :</b>				
Depreciation and Amortisation Expense	1,067.68		1,031.99	
Interest Income	(288.42)		(132.18)	
Dividend Income	(0.70)		-	
Finance Costs	621.03		777.83	
Loss on sale of Property, Plant and Equipment (Net)	6.31		5.53	
Bad Debts / Advances written off (Net)	87.98		234.16	
Provision for Expected Credit Loss	163.58		137.60	
(Reversal) / Provision for Credit Impaired	(10.35)		48.17	
Gain on Financial Instruments measured at fair value through profit or loss	(442.30)		(47.05)	
Unrealised (Gain)/Loss on Foreign Currency Transactions (net)	(3.01)      1,201.80		10.43      2,066.48	
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>5,874.49</b>		<b>5,705.73</b>	
<b>ADJUSTMENTS FOR :</b>				
Trade and Other Receivables	(1,444.24)		(4,103.62)	
Inventories	(2,508.39)		795.76	
Trade and Other Payables	3,968.44      15.81		56.78      (3,251.08)	
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5,890.30</b>		<b>2,454.65</b>	
Direct Taxes Paid (Including Interest)	(942.70)		(1,177.35)	
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>4,947.60</b>		<b>1,277.30</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment, Intangible assets, Capital Work-in-Progress and Intangible Assets under Development	(2,318.72)		(836.44)	
Sale of Property, Plant and Equipment & Asset held for Sale	155.15		261.43	
Investment in Subsidiary Company	(699.20)		(60.00)	
Investment in Associate Company	(47.50)		(4.75)	
Purchase of Non - Current Investment	(521.00)		(187.95)	
Sale of Non Current-Investment	201.00		-	
Inter Corporate Deposits given to Subsidiary Company	(120.00)		-	
Inter- Corporate Deposit given to Others	(1,100.00)		-	
Interest Income	378.43		58.42	
Dividend Income	0.70		-	
Temporary deposits/Balances of IPO Proceeds/Utilised	5,025.20		(6,978.99)	
<b>NET CASH GENERATED / (USED IN) INVESTING ACTIVITIES</b>	<b>954.06</b>		<b>(7,748.28)</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceed from Issue of Fresh Equity Shares	-		15,700.16*	
Redemption of 0.01% Optionally Convertible Preference Shares	-		(1,397.00)	
Repayment of Non Current Borrowings	-		(3,801.07)	
Current Borrowings (Net)	(2,912.63)		(2,259.01)	
Payment related to Initial Public Offering	(39.53)		(1,219.65)*	
Finance Costs	(544.60)		(907.67)	
Margin Money (Net)	(1,011.41)		119.07	
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>	<b>(4,508.17)</b>		<b>6,234.83</b>	
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,393.49</b>		<b>(236.15)</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>165.54</b>		<b>402.22</b>	
<b>Effect of Exchange rate on Cash and Cash Equivalents</b>	<b>0.01</b>		<b>(0.53)</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 11.1)</b>	<b>1,559.04</b>		<b>165.54</b>	



# STATEMENT OF STANDALONE CASH FLOW

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

\* Does not include ₹ 3,017.85 Lakhs received towards offer for sale of 17,24,490 equity shares of ₹ 10/- by the Selling Share holders through Initial Public Offering related proportionate expenses for the same.

## Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings

Particulars	March 31, 2023	March 31, 2022
<b>OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>	<b>2,912.63</b>	<b>10,546.27</b>
Add : Changes from Cash Flow from Financing Activities (Net)	(2,912.63)	(7,457.09)
Add : Change on account of processing fees	-	-
Add : Change in Fair Value	-	(176.55)
<b>CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>2,912.63</b>

(i) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

(ii) Figures in brackets indicate Outflows.

(iii) Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

### For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

### ANUJ BHATIA

Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

### MUNJAL SHAH

Managing Director  
DIN: 01080863

### HARSH BHANSALI

Chief Financial Officer

### SHARAD SHAH

Chairman and Director  
DIN: 00622001

### HEMAL KUMAR SAGALIA

Company Secretary  
Membership No. FCS7620

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## 1.1 CORPORATE INFORMATION

Paras Defence and Space Technologies Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai-400706. The company is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. On October 1, 2021, the equity shares of the Company have been listed on the BSE Limited and National Stock Exchange of India Limited.

The Standalone Financial Statements of the Company for the year ended March 31, 2023, were approved and adopted by Board of Directors in their meeting held on May 16, 2023

## 1.2 BASIS OF PREPARATION

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

The Standalone Financial Statements have been prepared and presented on going concern basis and historical cost basis, except for the following assets and liabilities, which have been measured as indicated below:

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).
- Employee's Defined Benefit Plans measured per actuarial valuation.

These Standalone Financial Statements are presented in Indian Rupees, which is the Company's functional and presentation currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

## 1.3 SIGNIFICANT ACCOUNTING POLICIES

### (A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Company has availed

the fair value as deemed cost on the date of transition i.e. April 01, 2016.

Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress" and expenses incurred relating to it, net of income earned during the development stage, are disclosed as pre-operative expenses under "Capital Work-in-Progress".

Property, Plant and Equipment are eliminated from Standalone Financial Statements, either on disposal or when retired from active use. Gains / losses arising in the case of retirement/disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss in the year of occurrence.

### Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

### Depreciation:

Depreciation on property, plant and equipment is provided on straight line method for the year for which the assets have been used as under:

- (a) Depreciation on assets is provided over the useful life of assets as prescribed under Schedule II of Companies Act, 2013
- (b) Leasehold land is amortised over the period of lease.

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

### (B) Intangible Assets and Amortisation:

Intangible Assets are stated at cost, net of accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. In case of Intangible Assets, the Company has availed the fair value as deemed cost on the date of transition i.e. April 01, 2016. The period of amortisation is as under :

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Asset	Period of amortisation
Computer Software	6 Years
Technical Know how	6 Years

## (C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the Statement of Profit and Loss when the changes arises.

Though the Company measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit and Loss in the period of de-recognition.

## (D) Borrowing Cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year. All other borrowing costs are expensed in the year in which they occur.

## (E) Impairment of Non-Financial Assets - Property, Plant and Equipment & Intangible Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

## (F) Government Grants and Subsidy:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised by deducting the grant from the value of respective asset to arrive at carrying amount.

## (G) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

### (H) Inventories:

Inventories are measured at lower of cost and net realisable value (NRV) after providing for obsolescence, if any. NRV is the estimate selling price in the ordinary course of business, less estimated costs of completion and estimate cost necessary to make the sale. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. The Cost of Work in Progress and Finished Goods is determined on absorption costing methods.

### (I) Financial Instruments:

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

#### Financial Assets - Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost. Purchase and sale of financial assets are recognized using trade date accounting. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### Financial assets - Subsequent measurement

For the purpose of subsequent measurement financial assets are classified in two broad categories:-

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

#### Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flow from the asset.

#### Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Expected credit losses are measured through a loss allowance at an amount equal to:

- a) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

### **Financial Liabilities - Initial recognition and measurement:**

The financial Liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### **Financial Liabilities - Subsequent measurement:**

Financial Liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **Financial Liabilities - Financial guarantee contracts:**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

### **Financial liability - Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another,

from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **(J) Fair Value:**

The Company measures financial instruments at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the Standalone Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

### **(K) Investment in Subsidiaries and Associates:**

The Company has elected to recognize its investments in subsidiaries and associate at cost in accordance with the option available in Ind AS 27, 'Separate Standalone Financial Statements'.

### **(L) Revenue Recognition and Other Income:**

#### **Sales of goods and services:**

The Company derives revenues primarily from sale of products comprising of Defence & Space Applications

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

## Contract Balances - Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

## Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## Other Income:

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit and loss after due consideration of certainty of utilization/receipt of such incentives.

## Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Dividend Income:

Dividend Income is recognised when the right to receive the payment is established.

## Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the statement of profit or loss.

## (M) Foreign currency transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

In case of an asset, expense or income where a monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

### (N) Employee Benefits:

Short term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related services are rendered. Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

### (O) Lease:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Company is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that options. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The

Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## (P) Research and Development:

Revenue expenditure on Research and Development is charged in the year in which it is incurred. Capital Expenditure for Research and Development is capitalised when commissioned and included in the Plant, Property and Equipment and depreciated in accordance with the policies stated for Property, Plant and Equipment.

## (Q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed

at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Standalone Financial Statements. Contingent assets are not recognised in standalone financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

## (R) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

## (S) Cash and cash equivalents:

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## (T) Earnings per share:

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## (U) Current / Non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by Ministry of Corporate Affairs (MCA).

### An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

### A liability is classified as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its operating cycle.

## (V) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

## (W) Held for Sale:

Non-Current Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-Current Assets are classified as Held for Sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the statement of profit and loss as a separate line item. On classification as Held for Sale, the assets are no longer depreciated. Assets and liabilities classified as Held for Sale are presented separately as current items in the Balance Sheet.

## 1.4 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's standalone financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### a) Depreciation/amortisation and useful lives of Property, plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

### b) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

**c) Defined benefit obligation:**

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rate of return on assets and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

**d) Income Tax:**

Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the Standalone Financial Statements. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

**e) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Recoverability of trade receivables:**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**g) Contingencies:**

Management has estimated the possible outflow of resources at the end of each annual financial year, if any, in respect of contingencies/claim/litigations against the

Company as it is not possible to predict the outcome of pending matters with accuracy.

**h) 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 Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to 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 cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

## 1.5 STANDARDS ISSUED BUT NOT EFFECTIVE

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2023:

Ind AS 101 – First-time Adoption of Indian Accounting Standards  
 Ind AS 102 – Share-based Payment  
 Ind AS 103 – Business Combinations  
 Ind AS 107 – Financial Instruments Disclosures  
 Ind AS 109 – Financial Instruments  
 Ind AS 115 – Revenue from Contracts with Customers  
 Ind AS 1 – Presentation of Financial Statements  
 Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors  
 Ind AS 12 – Income Taxes  
 Ind AS 34 - Interim Financial Reporting

Application of above amended standards are not expected to have any significant impact on the company's Standalone Financial Statements.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 2 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Total
<b>Balance as at April 01, 2021</b>	<b>377.82</b>	<b>5,415.59</b>	<b>4,039.50</b>	<b>8,153.38</b>	<b>291.75</b>	<b>398.51</b>	<b>177.02</b>	<b>82.58</b>	<b>18,936.15</b>
Additions for the year	-	-	58.47	432.07	126.52	-	84.16	35.22	736.44
Disposals / Adjustment	-	-	-	13.56	4.30	-	-	-	17.86
Reclassification as investment property	377.82	-	1,835.34	-	-	-	-	-	2,213.16
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>5,415.59</b>	<b>2,262.63</b>	<b>8,571.89</b>	<b>413.97</b>	<b>398.51</b>	<b>261.18</b>	<b>117.80</b>	<b>17,441.57</b>
Additions for the year	-	-	284.43	959.10	124.90	-	103.94	26.71	1,499.08
Disposals / Adjustment	-	-	-	-	-	10.85	32.31	10.51	53.67
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>5,415.59</b>	<b>2,547.06</b>	<b>9,530.99</b>	<b>538.87</b>	<b>387.66</b>	<b>332.81</b>	<b>134.00</b>	<b>18,886.98</b>
<b>Depreciation</b>									
<b>Balance as at April 01, 2021</b>	<b>-</b>	<b>358.12</b>	<b>626.71</b>	<b>2,036.63</b>	<b>87.18</b>	<b>205.09</b>	<b>81.84</b>	<b>39.74</b>	<b>3,435.31</b>
Depreciation for the Year	-	81.17	156.84	577.23	31.92	44.96	33.39	22.90	948.41
Disposals / Adjustment	-	-	-	8.20	3.69	-	-	-	11.89
Reclassification as investment property	-	-	401.30	-	-	-	-	-	401.30
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>439.29</b>	<b>382.25</b>	<b>2,605.66</b>	<b>115.41</b>	<b>250.05</b>	<b>115.23</b>	<b>62.64</b>	<b>3,970.53</b>
Depreciation for the Year	-	81.17	100.76	601.58	34.07	40.35	41.28	24.58	923.79
Disposals / Adjustment	-	-	-	-	-	6.85	27.49	8.87	43.21
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>520.46</b>	<b>483.01</b>	<b>3,207.24</b>	<b>149.48</b>	<b>283.55</b>	<b>129.02</b>	<b>78.35</b>	<b>4,851.11</b>
<b>Net Carrying Value</b>									
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>4,976.30</b>	<b>1,880.38</b>	<b>5,966.23</b>	<b>298.56</b>	<b>148.46</b>	<b>145.95</b>	<b>55.16</b>	<b>13,471.04</b>
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>4,895.13</b>	<b>2,064.05</b>	<b>6,323.75</b>	<b>389.39</b>	<b>104.11</b>	<b>203.79</b>	<b>55.65</b>	<b>14,035.87</b>

**2.1** Property, Plant and Equipment include assets pledged / hypothecation as security (Refer note no. 22).

**2.2** Vehicles, having carrying value of ₹ 85.69 lakhs (March 31, 2022 : ₹ 121.84 lakhs), are registered in the name of the Directors or erstwhile Directors of the Company or of entities that have since been amalgamated with the Company in pursuance to the scheme of amalgamation.

**2.3** Refer Note No. 35 (B) for contractual commitments for the acquisition of Property, Plant and Equipment.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS as at March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 2 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

#### 2.4 Capital Work in Progress includes

Particulars	As at March 31, 2023	As at March 31, 2022
Building under Construction	9.38	2.60
Plant and Machinery	371.28	47.28
<b>Total</b>	<b>380.66</b>	<b>49.88</b>

#### 2.5 Capital Work In Progress ageing schedule as at March 31, 2023 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
Project in progress	333.38	47.28	-	-	380.66
Project temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>333.38</b>	<b>47.28</b>	<b>-</b>	<b>-</b>	<b>380.66</b>

#### Capital Work In Progress ageing schedule as at March 31, 2022 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
Project in progress	49.88	-	-	-	49.88
Project temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>49.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.88</b>

2.6 The Company does not have any Capital work in progress, whose completion is overdue or exceeded its cost compared to its original plan.

2.7 Building includes cost of shares in Co-operative society of ₹ 750 (March 31, 2022 ₹ 750).

2.8 In accordance with the Indian Accounting standards -36 on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Ind AS. On the basis of the review carried out by the management, there was no impairment loss on Property, Plant and Equipment during the year ended March 31, 2023.

### NOTE: 3 INVESTMENT PROPERTY

Particulars	Land	Buildings	Total
<b>Costs:</b>			
<b>As at April 01, 2021</b>	-	-	-
Reclassified from property, plant and equipment	377.82	1,835.34	2,213.16
Addition	-	-	-
<b>As at March 31, 2022</b>	<b>377.82</b>	<b>1,835.34</b>	<b>2,213.16</b>
<b>As at April 01, 2022</b>	377.82	1,835.34	2,213.16
Addition	-	-	-
<b>As at March 31, 2023</b>	<b>377.82</b>	<b>1,835.34</b>	<b>2,213.16</b>
<b>Depreciation</b>			
<b>As at April 01, 2021</b>	-	-	-
Reclassified from property, plant and equipment	-	401.30	401.30
Depreciation	-	28.66	28.66
<b>As at March 31, 2022</b>	<b>-</b>	<b>429.96</b>	<b>429.96</b>
<b>As at April 01, 2022</b>	-	429.96	429.96
Depreciation	-	85.98	85.98
<b>As at March 31, 2023</b>	<b>-</b>	<b>515.94</b>	<b>515.94</b>
<b>Net Carrying Value</b>			
<b>Balance as at March 31, 2022</b>	<b>377.82</b>	<b>1,405.38</b>	<b>1,783.20</b>
<b>Balance as at March 31, 2023</b>	<b>377.82</b>	<b>1,319.40</b>	<b>1,697.22</b>

3.1 The Company's Investment Properties as at March 31, 2023 consist of Land and Building



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 3 INVESTMENT PROPERTY (CONTD...)

### 3.2 Income /(Loss) from Investment Properties generating Rental Income

Particulars	As at March 31, 2023	As at March 31, 2022
Rental Income derived from investment properties	40.00	16.00
Direct Expenses	-	(2.38)
Income arising from investment properties before depreciation	40.00	13.62
Depreciation	(85.98)	(28.66)
<b>Loss from Investment properties (Net)</b>	<b>(45.98)</b>	<b>(15.04)</b>

### 3.3 Leasing arrangements

The Board of Directors has decided to terminate the above lease agreement in the month of January, 2023 and presently the property is vacant and as the intention of the management to earn rentals, therefore the same property is classified as Investment Property.

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	-	48.80
Later than one year but not later than five years	-	200.43
<b>Total</b>	<b>-</b>	<b>249.23</b>

**3.4** The Fair Values of the properties are ₹ 2,730.00 Lakhs (March 31, 2022: ₹ 2,520.00 Lakhs). This valuation is based on the valuations performed by an registered valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts or local brokers. The fair value measurement for the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

**3.5** The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

## NOTE: 4 INTANGIBLE ASSETS

Particulars	Computer Software*	Process Technology / Technical know- How*	Total
<b>Balance as at April 01, 2021</b>	<b>23.57</b>	<b>309.14</b>	<b>332.71</b>
Additions	2.03	-	2.03
<b>Balance as at March 31, 2022</b>	<b>25.60</b>	<b>309.14</b>	<b>334.74</b>
Additions	43.44	-	43.44
<b>Balance as at March 31, 2023</b>	<b>69.04</b>	<b>309.14</b>	<b>378.18</b>
<b>Amortisation</b>			
<b>Balance as at April 01, 2021</b>	<b>7.44</b>	<b>175.57</b>	<b>183.01</b>
Amortisation charge for the Year	3.40	51.52	54.92
<b>Balance as at March 31, 2022</b>	<b>10.84</b>	<b>227.09</b>	<b>237.93</b>
Amortisation charge for the Year	6.39	51.52	57.91
<b>Balance as at March 31, 2023</b>	<b>17.23</b>	<b>278.61</b>	<b>295.84</b>
<b>Net Carrying Amount</b>			
<b>Balance As at March 31, 2022</b>	<b>14.76</b>	<b>82.05</b>	<b>96.81</b>
<b>Balance as at March 31, 2023</b>	<b>51.81</b>	<b>30.53</b>	<b>82.34</b>

\* Other than self generated

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 5 NON CURRENT INVESTMENT

Particulars	Number of Shares		Face Value	As at	As at
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
<b>(Unquoted, Fully Paid Up)</b>					
<b>A. Investment in Equity Instruments</b>					
<b>i) Subsidiary Companies (Carried at Cost)</b>					
Paras Aerospace Private Limited*	6,06,000	6,06,000	10	60.60	60.60
Paras Green Optics Private Limited*	10,000	10,000	10	1.00	1.00
Paras Anti- Drone Technologies Private Limited*	5,500	5,500	10	0.55	0.55
OPEL Technologies Pte. Ltd.	100	100	SGD 1	0.05	0.05
Ayatti Innovative Private Limited	15,20,000	-	10	699.20	-
<b>ii) Associate Companies (Carried at Cost)</b>					
Krasny Paras Defence Technologies Private Limited	5,22,500	47,500	10	52.25	4.75
<b>iii) Others (Carried at fair value through Profit &amp; Loss)</b>					
NKGSB Co- Operative Bank Limited	2,50,000	50,000	10	25.00	5.00
Highlander Aviation Limited	87,953	10,357	0.01 NIS	784.88	41.31
<b>B. Investment in 0% Optionally Convertible Security</b>					
<b>(Carried at fair value through Profit &amp; Loss)</b>					
Highlander Aviation Limited#	-	-	-	-	301.27
<b>C. Investment in 0.01% Optionally Convertible Preference Shares</b>					
<b>(Carried at fair value through Profit &amp; Loss)</b>					
FFS Industries Private Limited	2,87,838	-	100.00	300.00	-
<b>Total</b>				<b>1,923.53</b>	<b>414.53</b>

\* held by nominee of the Company

# Converted into Equity Shares

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate Amount of Unquoted Investments	1,923.53	414.53
Aggregate Amount of Quoted Investments and Market Value	-	-
Investment Carried at fair value through Profit and Loss	1,109.88	347.58
Investment Carried at Cost	813.65	66.95

### NOTE: 6 NON-CURRENT FINANCIAL ASSETS- LOANS

Particulars	As at March 31, 2023	As at March 31, 2022
Loans to Employees	1.59	-
<b>Total</b>	<b>1.59</b>	<b>-</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS as at March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 7 NON-CURRENT FINANCIAL ASSETS- OTHERS

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with Banks held as Margin Money	1,171.88	62.88
Security Deposits	43.41	20.75
<b>Total</b>	<b>1,215.29</b>	<b>83.63</b>

## NOTE: 8 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Capital Advances	659.59	161.69
Prepaid Expenses	42.62	4.58
<b>Total</b>	<b>702.21</b>	<b>166.27</b>

## NOTE: 9 INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials	3,267.11	1,478.86
Raw Materials In Transit	48.62	354.95
Work-in-Progress	5,558.43	4,446.14
Finished Goods	12.77	95.17
Stores, Spares and Consumables	262.42	264.11
Stores, Spares and Consumables In Transit	-	1.73
<b>Total</b>	<b>9,149.35</b>	<b>6,640.96</b>

9.1 For basis of valuation Refer Accounting Policy Note No. 1.3(H)

9.2 For Inventories hypothecated as security (Refer Note No 22)

## NOTE: 10 TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured)		
Considered Good	15,215.56	12,879.12
Significant Increase in Credit Risk	177.97	47.69
Credit Impaired	37.82	48.17
	<b>15,431.35</b>	<b>12,974.98</b>
Less: Provision for Expected Credit Loss	915.88	752.30
Less: Provision for credit impaired	37.82	48.17
<b>Total</b>	<b>14,477.65</b>	<b>12,174.51</b>

10.1 For Hypothecated as security (Refer Note no 22)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 10 TRADE RECEIVABLES (CONTD...)

10.2 Trade Receivables Ageing Schedule as at March 31, 2023 and March 31, 2022 are as below :-

### As at March 31, 2023

Particulars	Not due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1,541.05	6,730.40	4,885.61	1,602.69	455.81	-	15,215.56
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	1.25	27.68	149.04	177.97
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	37.82	37.82
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>1,541.05</b>	<b>6,730.40</b>	<b>4,885.61</b>	<b>1,603.94</b>	<b>483.49</b>	<b>186.86</b>	<b>15,431.35</b>
Less: Provision for Expected Credit Loss							915.88
Less: Provision for Credit Impaired	-	-	-	-	-	37.82	37.82
<b>Total</b>	<b>1,541.05</b>	<b>6,730.40</b>	<b>4,885.61</b>	<b>1,603.94</b>	<b>483.49</b>	<b>149.04</b>	<b>14,477.65</b>

### As at March 31, 2022

Particulars	Not due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	5,216.99	3,629.85	3,121.75	753.87	65.11	91.55	12,879.12
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	0.59	4.26	9.38	33.46	47.69
Undisputed Trade Receivables – credit impaired	-	-	-	12.53	0.15	35.49	48.17
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>5,216.99</b>	<b>3,629.85</b>	<b>3,122.34</b>	<b>770.66</b>	<b>74.64</b>	<b>160.50</b>	<b>12,974.98</b>
Less: Provision for Expected Credit Loss							752.30
Less: Provision for Credit Impaired	-	-	-	12.53	0.15	35.49	48.17
<b>Total</b>	<b>5,216.99</b>	<b>3,629.85</b>	<b>3,122.34</b>	<b>758.13</b>	<b>74.49</b>	<b>125.01</b>	<b>12,174.51</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 11 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and Cash Equivalents</b>		
Balances with Banks in Current/ Cash Credit Accounts	1,545.45	149.13
Cash in hand	8.59	16.41
Cheque in Hand	5.00	-
<b>Total</b>	<b>1,559.04</b>	<b>165.54</b>

**11.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks in Current/ Cash Credit Accounts	1,545.45	149.13
Cash on hand	8.59	16.41
Cheque in Hand	5.00	-
<b>Total</b>	<b>1,559.04</b>	<b>165.54</b>

## NOTE: 12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Bank in Monitoring Agency & Escrow Account	453.79	378.99
Fixed Deposits with Bank*	1,500.00	6,600.00
Fixed Deposits with Banks Pledged as Margin Money	198.47	296.06
<b>Total</b>	<b>2,152.26</b>	<b>7,275.05</b>

\*Temporary deposits of IPO Proceeds

## NOTE: 13 LOANS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Intercompany Deposits		
- Subsidiary Company (Refer Note No. 36)	120.00	-
- Others	1,100.00	-
Loans to Employees	14.61	6.63
<b>Total</b>	<b>1,234.61</b>	<b>6.63</b>

**13.1** Above loans were given for Working Capital requirements

## NOTE: 14 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Interest Receivables *	16.34	106.35
Security Deposits	31.28	118.64
Other Receivables	1.83	11.19
<b>Total</b>	<b>49.45</b>	<b>236.18</b>

\* Includes interest receivables from related party (Refer Note No. 36)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to Suppliers, Considered Good	1,445.75	2,399.80
Balances with Government Authorities	20.14	229.65
Export Incentive Receivables	10.99	26.47
Prepaid Expenses	180.46	61.17
Others *	1.00	16.60
<b>Total</b>	<b>1,658.34</b>	<b>2,733.69</b>

\* Others includes Export scripts in hand

## NOTE: 16 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
6,05,00,000 (March 31, 2022 : 5,09,20,000) Equity Shares of ₹ 10/- each.	6,050.00	5,092.00
NIL (March 31, 2022 : 9,58,000) Preference Shares of ₹ 100/- each.	-	958.00
	<b>6,050.00</b>	<b>6,050.00</b>
<b>Issued, Subscribed and Paid up</b>		
3,90,00,061 (March 31, 2022 : 3,90,00,061) Equity Shares of ₹ 10/- each fully paid up	3,900.00	3,900.00
<b>Total</b>	<b>3,900.00</b>	<b>3,900.00</b>

### 16.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	3,90,00,061	3,900.00	2,98,53,177	2,985.31
<b>Add:</b> Issue of Equity Shares (Refer Note No. 16.2, 16.3 and 16.4)	-	-	91,46,884	914.69
<b>Shares outstanding at the end of the year</b>	<b>3,90,00,061</b>	<b>3,900.00</b>	<b>3,90,00,061</b>	<b>3,900.00</b>

**16.2** During the previous year, the Company allotted 4,00,000 equity shares, Face Value of ₹ 10 each at a premium of ₹ 115/- per share on preferential basis. The expenses of ₹ 0.12 lakhs has been adjusted against Securities Premium.

**16.3** During the previous year, the Company allotted 7,12,598 equity shares of face value of ₹ 10 each at a premium of ₹ 150/- per share on preferential basis. The expenses of ₹ 1.35 lakhs has been adjusted against Securities Premium.

**16.4** During the previous year, The Company has completed its Initial Public Offering (IPO) of 97,58,776 equity shares of face value of ₹ 10 each for cash at an issue price of ₹ 175 per equity share aggregating to ₹ 17,077.85 Lakhs, consisting of Fresh Issue of 80,34,286 equity shares amounting to ₹ 14,060.00 Lakhs and an offer for sale of 17,24,490 equity shares amounting to ₹ 3,017.85 Lakhs by the Selling Shareholders. The Company has incurred ₹ 1,778.23 Lakhs as IPO related expenses which are proportionately allocated between the Company and Selling Shareholders as per respective offer size. The Company's share of these expenses amounting to ₹ 1,264.18 Lakhs (net of deferred tax) has been adjusted against Securities Premium. On October 1, 2021, the equity shares of the Company have been listed on the BSE Limited Stock Exchange Limited and National Stock Exchange of India Limited.

As at March 31, 2023, an unutilised IPO proceeds amounting to ₹ 1,500.00 Lakhs (March 31, 2022 is ₹ 6,600.00 lakhs) is temporarily invested in term deposits with scheduled commercial bank and ₹ 398.50 Lakhs (March 31, 2022 is ₹ 325.03 lakhs) are lying with monitoring agency account.

The above un-utilized amount of which was due to be spent for the purchase of machinery and equipment during the fiscal year 2023, in respect of which the Board of Directors at their meeting held on March 29, 2023 proposed to spend by fiscal year 2024 for purchase of machinery and equipment and construction of building / civil work; which has since been approved by the shareholders of the Company through the e-voting postal ballot dated May 03, 2023.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

 March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 16 EQUITY SHARE CAPITAL (CONTD...)

### 16.5 Details of Shareholder holding more than 5% shares of the Company:

Name of Shareholders	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	Percentage held	No. of Shares held	Percentage held
Mr. Sharad Virji Shah	72,74,840	18.65%	72,74,840	18.65%
Mr. Munjal Sharad Shah	98,58,137	25.28%	98,58,137	25.28%

### 16.6 Details of shares held by promoters and promoter group in the Company.

Name of Shareholders	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares held	Percentage held	No. of Shares held	Percentage held	
Mr. Sharad Virji Shah	72,74,840	18.65%	72,74,840	18.65%	0.00%
Mr. Munjal Sharad Shah	98,58,137	25.28%	98,58,137	25.28%	0.00%
Mrs. Ami Munjal Shah	10,13,008	2.60%	10,13,008	2.60%	0.00%
Mr. Anish Hemant Mehta	14,20,630	3.64%	14,20,630	3.64%	0.00%
Mrs. Kaajal Harsh Bhansali	14,20,630	3.64%	14,20,630	3.64%	0.00%
Ms. Anushka Munjal Shah	10,00,000	2.56%	10,00,000	2.56%	0.00%
Ms. Jiwanshi Munjal Shah	10,00,000	2.56%	10,00,000	2.56%	0.00%
Mrs. Niranjana Sharad Shah	5	0.00%	5	0.00%	0.00%

### 16.7 Rights of Equity Shareholders

The Company has only one class of equity shares having a face value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of 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 shareholder.

**16.8** There are no shares reserved for issue under options and contracts/commitments

**16.9** Dividend paid and proposed of ₹ NIL (March 31, 2022 : ₹ NIL)

## NOTE: 17 OTHER EQUITY

Particulars	As at		As at	
	March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
<b>Capital Reserve</b>				
Balance as per last Balance Sheet		(808.36)		(808.36)
<b>Securities Premium</b>				
Balance as per last Balance Sheet	17,835.17		4,315.35	
<b>Add:</b> On Issue of Equity shares (Refer Note No. 16.2, 16.3 and 16.4)	-		14,785.47	
<b>Less:</b> Expenses incurred for issue of Equity Shares (net of Taxes)*	-		(1,265.65)	
<b>Less:</b> Reversal of deferred Tax (IPO related Expenses)	(35.39)		-	
		<b>17,799.78</b>		<b>17,835.17</b>
<b>Revaluation Reserve</b>				
Balance as per last Balance Sheet		<b>4,183.09</b>		<b>4,183.09</b>
<b>General Reserve</b>				
Balance as per last Balance Sheet		<b>11.92</b>		<b>11.92</b>
<b>Retained Earnings</b>				
Balance as per last Balance Sheet	12,595.21		9,904.35	
<b>Add:</b> Profit after tax for the Year	3,592.82		2,690.86	
		<b>16,188.03</b>		<b>12,595.21</b>
<b>Other Comprehensive Income (OCI)</b>				
Balance as per last Balance Sheet	44.62		45.41	
<b>Add:</b> Movement in OCI (Net) during the Year	(6.08)		(0.79)	
		<b>38.54</b>		<b>44.62</b>
<b>Total</b>		<b>37,413.00</b>		<b>33,861.65</b>

\* Include ₹ Nil (March 31, 2022: ₹ 35.00 Lakhs) paid to auditor

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 17 OTHER EQUITY (CONTD...)

### NOTE NO. 17.1 NATURE AND PURPOSE OF RESERVES

#### Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Private Limited. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Securities Premium

Securities Premium was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Revaluation Reserve

Revaluation Reserve was created for revaluation of Land and Building. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### General Reserve

The General Reserve shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Retained Earnings

Retained Earnings represent the accumulated Profits / (losses) made by the company over the years.

#### Other Comprehensive Income

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan.

## NOTE: 18 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposit	-	10.05
<b>Total</b>	<b>-</b>	<b>10.05</b>

## NOTE: 19 INCOME TAX

### 19.1 Current Tax

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current Tax	1,173.48	1,008.01
Income Tax for Earlier Years	(64.74)	-
<b>Total</b>	<b>1,108.74</b>	<b>1,008.01</b>

### 19.2 The major components of Tax Expense for the year ended March 31, 2023 & March 31, 2022 are as follows:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Recognised in the Standalone Statement of Profit and Loss</b>		
Current Tax (Refer Note No. 19.1)	1,108.74	1,008.01
Deferred Tax:-Relating to origination and reversal of temporary differences	(28.87)	(59.62)
<b>Total</b>	<b>1,079.87</b>	<b>948.39</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 19 INCOME TAX (CONTD...)

### 19.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2023 & March 31, 2022:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Accounting Profit Before Tax	4,672.69	3,639.25
Applicable tax rate (in %)	<b>25.17%</b>	<b>25.17%</b>
Computed Tax Expenses	1,176.02	915.93
<b>Tax effect on account of:</b>		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	(35.46)	30.74
Expenses not allowed under Income Tax Act	40.90	40.27
Deduction allowed under Income Tax Act	(36.85)	(38.55)
Income Tax for Earlier Years	(64.74)	-
<b>Income tax Expenses recognised in the Standalone Statement of Profit and Loss</b>	<b>1,079.87</b>	<b>948.39</b>

### 19.4 Deferred Tax Liabilities / (Assets) relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss and Other Equity	
	As at March 31, 2023	As at March 31, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property	2,416.36	2,504.48	(88.12)	(11.32)
Financial Instrument-assets	(116.87)	(189.62)	72.75	(34.91)
IPO issue expenses	(106.15)	(141.54)	35.39	(141.54)
Items disallowed as per Income Tax Act, 1961	(76.28)	(60.73)	(15.55)	(13.65)
<b>Deferred Tax Liabilities / (Assets)</b>	<b>2,117.06</b>	<b>2,112.59</b>	<b>4.47</b>	<b>(201.42)</b>

### 19.5 Reconciliation of Deferred Tax Liabilities (Net):

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening Balance at the beginning of the year</b>	2,112.59	2,314.01
Deferred Tax Expenses/(Income) recognised in the Standalone Statement of Profit and Loss	(28.87)	(59.62)
Deferred Tax Expenses/(Income) recognised in OCI	(2.05)	(0.26)
Deferred Tax Expenses/(Income) recognised in Securities Premium	35.39	(141.54)
<b>Closing Balance at the end of the year</b>	<b>2,117.06</b>	<b>2,112.59</b>

## NOTE: 20 NON-CURRENT PROVISION

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer Note No. 30.1)	200.41	133.34
<b>Total</b>	<b>200.41</b>	<b>133.34</b>

## NOTE: 21 OTHER NON CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Unamortised Portion of Security deposit	-	12.33
<b>Total</b>	<b>-</b>	<b>12.33</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 22 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
Working Capital Rupee Loans from Banks	-	2,854.43
Buyers Credit	-	58.20
<b>Total</b>	<b>-</b>	<b>2,912.63</b>

### 22.1 The working capital Loans from banks includes:

- (i) ₹ NIL (March 31, 2022: ₹ 1,473.14 Lakhs) secured by way of hypothecation of stocks & book-debts and further secured by collateral security of Plant & Machinery and Land & Building on plot no. M-6, MIDC, Additional Ambernath Industrial Area, Ambernath-421506, Maharashtra, India.
- (ii) ₹ NIL (March 31, 2022: ₹ 1,439.49 Lakhs) secured by Pari Passu Charge on all existing and future current assets / movable fixed assets and Collateral Security of 1) Premises no. 103, 1st floor, Veena Industrial Premises Co-op soc. Ltd, Plot no. B-61, Veera Desai Road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, Veena Industrial Premises Co-op Soc Ltd, Plot no. B 61, Veera Desai Road, Andheri W, Mumbai 400058. 3) Unit no. 209B, 2nd floor, Veena Industrial Premises Co-op Soc Ltd, Plot no. B 61, Veera Desai Road, Andheri W, Mumbai 400058. 4) Plot no. 108 A, survey no. 261, IDA, Cherlapally, Dist. Ranga reddy, Hyderabad-500062. 5) Plot no. D112, TTC Industrial Area, MIDC, Shiravane, Nerul, Navi Mumbai 400706, 6) Additional Mortgage on Pentahouse No. 11, 13th & 14th floors, A Wing, Maruti Paradise, Sector No. 15 at CBD Belapur, Navi Mumbai - 400614 owned by Mr. Munjal Shah.

22.2 The Working Capital Rupee loans referred to above are guaranteed by some of the directors and erstwhile directors.

## NOTE: 23 TRADE PAYABLES

Particulars	As at March 31, 2023	As at March 31, 2022
Micro, Small and Medium Enterprises	294.94	133.01
Others	2,178.69	1,391.28
<b>Total</b>	<b>2,473.63</b>	<b>1,524.29</b>

### 23.1 Disclosures of the Micro, Small And Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises (MSME) under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Company and the required disclosures are given below :

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	294.94	133.01
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	13.76	4.36
(iii) The amount of Interest paid, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of Interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	13.76	4.36
(vi) The amount of Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 23 TRADE PAYABLES (CONTD...)

### 23.2 Trade Payables Ageing Schedules are as follows:

#### As at March 31, 2023

Particulars	Not due	Outstanding from due date of payment as at March 31, 2023				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	124.90	164.51	4.42	1.11	-	294.94
Others	1,020.47	1,078.49	69.09	7.67	2.97	2,178.69
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
<b>Total</b>	<b>1,145.37</b>	<b>1,243.00</b>	<b>73.51</b>	<b>8.78</b>	<b>2.97</b>	<b>2,473.63</b>

#### As at March 31, 2022

Particulars	Not due	Outstanding from due date of payment as at March 31, 2022				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
MSME	71.73	51.47	0.99	8.82	-	133.01
Others	598.06	616.40	59.21	75.89	41.72	1,391.28
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
<b>Total</b>	<b>669.79</b>	<b>667.87</b>	<b>60.20</b>	<b>84.71</b>	<b>41.72</b>	<b>1,524.29</b>

## NOTE: 24 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Accrued and due	13.76	4.36
Interest Accrued but not due	63.89	43.60
Creditors for Capital Goods	104.36	51.88
Security Deposit	6.25	0.50
Other Payables *	241.32	236.86
<b>Total</b>	<b>429.58</b>	<b>337.20</b>

\* Other Payables mainly includes outstanding liability for expenses and payable to employees.

## NOTE: 25 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from Customers	2,934.01	32.36
Statutory Liabilities	47.67	22.12
Others *	-	3.44
<b>Total</b>	<b>2,981.68</b>	<b>57.92</b>

\* Received against Assets classified as Held for Sale and Unamortised Portion of Security Deposit.

## NOTE: 26 CURRENT PROVISION

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer Note No. 30.1)	25.00	20.65
<b>Total</b>	<b>25.00</b>	<b>20.65</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 27 REVENUE FROM OPERATIONS

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of Products	20,591.08	17,373.58
Sale of Services / Job Work Income	669.04	622.27
Other Operating revenue	167.84	4.16
<b>Total</b>	<b>21,427.96</b>	<b>18,000.01</b>

#### 27.1 Revenue Disaggregation by type of Products and Services as follows :

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Heavy Engineering	6,882.31	4,185.58
Defence & Space Optics	7,131.99	9,234.43
Defence Electronics	7,413.66	4,580.00
<b>Total</b>	<b>21,427.96</b>	<b>18,000.01</b>

#### 27.2 Revenue disaggregation by geography is as follows:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
India	18,113.00	15,814.87
Outside India	3,314.96	2,185.14
<b>Total</b>	<b>21,427.96</b>	<b>18,000.01</b>

#### 27.3 Reconciliation of Revenue from Operations with Contract Price:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Contract Price	21,433.95	17,990.00
Exchange rate variance linked consideration (Net)	-	10.01
Reduction towards variable considerations components *	5.99	-
<b>Total</b>	<b>21,427.96</b>	<b>18,000.01</b>

\*Reduction towards variable considerations comprises components of volume discounts

### NOTE: 28. OTHER INCOME

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Dividend Income	0.70	-
Interest Income from Financial assets measured at amortised cost		
Fixed Deposits with Banks	144.75	130.39
Interest on loans	132.69	-
Others	10.98	1.79
Lease Rent	66.56	21.90
Export Incentives	32.45	90.60
Gain on Financial Instruments measured at fair value through profit or loss	442.30	47.05
Miscellaneous Income	2.87	9.13
<b>Total</b>	<b>833.30</b>	<b>300.86</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Closing Inventories</b>		
Finished Goods	12.77	95.17
Work-in-Progress	5,558.43	4,446.14
	<b>5,571.20</b>	<b>4,541.31</b>
<b>Opening Inventories</b>		
Finished Goods	95.17	396.82
Work-in-Progress	4,446.14	4,072.33
	<b>4,541.31</b>	<b>4,469.15</b>
<b>(Increase) in Inventories</b>	<b>(1,029.89)</b>	<b>(72.16)</b>

## NOTE: 30 EMPLOYEE BENEFITS EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries, Wages and Allowances	1,909.43	1,303.61
Contribution to Provident and Other Funds	53.13	36.78
Welfare and Other Amenities	78.03	95.59
<b>Total</b>	<b>2,040.59</b>	<b>1,435.98</b>

**30.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>(a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under</b>		
Employer's Contribution to Provident Fund and ESIC	23.01	6.75

**(b) Defined Benefit Plan - Funded**

The employees' Gratuity Fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
<b>Actuarial Assumptions</b>		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	9.00%
Discount rate	7.39%	6.84%
Withdrawal Rate	11.00%	11.00%
<b>Movement in present value of Defined Benefit Obligation</b>		
Defined Benefit Obligations at the beginning of the year	153.99	134.13
Current Service Cost	19.37	20.37
Interest Cost	10.53	9.54
Actuarial Loss	8.13	1.05
Benefits Paid	(3.63)	(11.10)
Liability Transferred In/ Acquisitions	62.12	-
<b>Defined Benefit Obligations at the end of the year</b>	<b>250.51</b>	<b>153.99</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 30 EMPLOYEE BENEFITS EXPENSES (CONTD...)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
<b>Movement in present value of plan assets</b>		
Fair value at the beginning of the year	-	-
Employer Contribution	25.10	-
<b>Fair value at the end of the year</b>	<b>25.10</b>	<b>-</b>
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current Service Cost	19.37	20.37
Interest on Defined Benefit Obligations	10.53	9.54
<b>Total included in "Remuneration and Benefits to Employees"</b>	<b>29.90</b>	<b>29.91</b>
<b>Amount recognised in Other Comprehensive Income</b>		
<b>Components of Actuarial (gain)/loss on obligations</b>		
Due to changes in financial assumptions	(8.68)	1.26
Due to changes in demographic assumptions	-	(8.25)
Due to experience adjustments	16.81	8.04
<b>Total</b>	<b>8.13</b>	<b>1.05</b>

### (c) Fair Value of assets

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
Life Insurance Corporation of India	25.10	-

### (d) Net Liability recognised in balance sheet

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
Present Value of Obligations at the end of the year	250.51	153.99
Less: Fair Value of Plan Assets at the end of the year	25.10	-
<b>Net Liability recognised in balance sheet</b>	<b>225.41</b>	<b>153.99</b>

(e) The estimate of rate of escalation in Salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

### 30.2 Sensitivity Analysis

Particulars	As at March 31, 2023	As at March 31, 2022
	Effect on Gratuity Obligation Increase / (Decrease)	Effect on Gratuity Obligation Increase / (Decrease)
Discount Rate + 100 basis points	(14.40)	(9.16)
Discount Rate - 100 basis points	16.09	10.37
Salary Escalation Rate + 100 basis points	15.76	11.37
Salary Escalation Rate - 100 basis points	(14.23)	(10.36)
Withdrawal Rate+100 basis points	(2.29)	(1.69)
Withdrawal Rate-100 basis points	2.51	1.86

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the Projected Unit Credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 30 EMPLOYEE BENEFITS EXPENSES (CONTD...)

### 30.3 Expected payments towards contributions to Gratuity in future years :

Year Ended	Expected Payment
March 31, 2024	36.99
March 31, 2025	24.74
March 31, 2026	27.90
March 31, 2027	25.28
March 31, 2028	22.56
March 31, 2029 and above	313.92

### 30.4 Risk exposures

These plans typically expose the company to actuarial risks as, Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

#### Salary Risk

Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

#### Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

#### Employee Turnover rate/Withdrawal rate

If the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the liability.

#### Mortality / Disability

Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

#### Details of Asset-Liability Matching Strategy:

Gratuity benefits liabilities of the company are Funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which are regulated by IRDA. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

The expected payments towards contributions to the defined benefit plan is within one year.

## NOTE: 31 FINANCE COSTS

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest Expenses on Financial Liabilities measured at amortised cost	456.32	648.53
Other Borrowing Costs (Refer Note No. 31.1)	164.71	129.30
<b>Total</b>	<b>621.03</b>	<b>777.83</b>

31.1 Above includes Interest of ₹ 63.89 lakhs (March 31, 2022: ₹ 58.12 Lakhs) on late payment of Advance Tax.

## NOTE: 32 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	923.79	948.41
Depreciation of Investment Property (Refer Note No. 3)	85.98	28.66
Amortisation of Intangible Assets (Refer Note No. 4)	57.91	54.92
<b>Total</b>	<b>1,067.68</b>	<b>1,031.99</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 33 OTHER EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>MANUFACTURING EXPENSES</b>		
Consumables, Stores and Spares Consumed	313.58	701.98
Power and Fuel	328.32	286.89
Labour Charges	278.49	501.70
Repairs and Maintenance - Others	159.80	61.21
Job Processing charges	157.88	174.63
Other Manufacturing Expenses	87.33	84.51
	<b>1,325.40</b>	<b>1,810.92</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Business Promotion	65.11	30.84
Packing & Forwarding Expenses	25.33	25.17
Freight Outward	36.10	50.55
Others	-	1.59
	<b>126.54</b>	<b>108.15</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Insurance	39.96	36.46
Rent	48.97	38.46
Rates and Taxes	544.31	24.92
Printing and Stationery	19.61	18.29
Communication Expenses	8.57	8.12
Travelling and Conveyance	401.69	219.71
Legal and Professional Charges	131.42	92.45
Payment to Auditors (Refer Note No. 33.1)	60.43	57.84
Security Expenses	22.11	24.55
Office Expenses	59.95	66.65
Director Sitting fees	28.00	30.50
Postages and Courier	33.54	36.81
Miscellaneous Expenses	180.68	104.00
	<b>1,579.24</b>	<b>758.76</b>
<b>OTHER EXPENSES</b>		
Bank Charges	90.01	52.42
Bad Debts / Advances written off (Net)	87.98	234.16
(Reversal) / Provision for Credit Impaired	(10.35)	48.17
Provision for Expected Credit Loss	163.58	137.60
Donation	12.81	5.61
Corporate Social Responsibility Expenditure (Refer Note No. 37)	61.25	48.03
Loss on sale/ discard of Property, Plant and Equipment	6.31	5.53
Loss on Foreign Currency Fluctuations (Net)	34.37	7.50
Late Delivery charges	41.32	85.25
	<b>487.28</b>	<b>624.27</b>
<b>Total</b>	<b>3,518.46</b>	<b>3,302.10</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 33 OTHER EXPENSES (CONTD...)

### 33.1 Break-up of Payment to Auditors :

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Payment to Auditors as :</b>		
For Statutory Audit	31.00	31.00
For Quarterly Review Fees	16.00	16.00
For Tax Audit	9.00	9.00
For Certification charges	4.00	1.40
For Reimbursement of Expenses	0.43	0.44
<b>Total</b>	<b>60.43</b>	<b>57.84</b>

## NOTE: 34 EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Basic Earnings Per Share</b>		
Profit for the year	3,592.82	2,690.86
Weighted average number of Equity Shares (Nos.)	3,90,00,061	3,47,95,258
Basic Earnings Per Share of ₹ 10/- each	9.21	7.73
<b>Diluted Earnings Per Share</b>		
Amount available for calculation of Diluted EPS	3,592.82	2,690.86
Weighted average number of Equity Shares (Nos.)	3,90,00,061	3,47,95,258
Add : Potential number of Equity Shares	-	-
No. of shares used for calculation of Diluted EPS	3,90,00,061	3,47,95,258
Diluted Earnings Per Share of ₹ 10/- each	9.21	7.73

## NOTE: 35 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Contingent Liabilities</b> (to the extent not provided for) Claims against the Company not acknowledged as debts		
<b>I Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)</b>		
INCOME TAX*	86.44	86.44
GST	15.16	-
CUSTOMS ACT	16.54	12.00
<b>II GUARANTEES</b>		
Guarantees given by the Company's Bankers (Bank guarantees are provided under contractual / legal obligation)	9,993.86	1,987.03
<b>III LETTER OF CREDIT OUTSTANDING</b>		
Letters of Credit opened in favour of Suppliers (Cash flow is expected on receipt of material from suppliers)	154.60	392.70
<b>B. Capital Commitments :</b>		
Estimated amount of contracts to be executed on capital account not provided for	815.54	220.12
Commitment towards EPCG License	296.12	349.69

\* During the Year 2020-21, Company has received the assessment order u/s 143(3) from the Income Tax department, however since there were errors in the said order, the Company has filed the rectification application under section 154 of the Income Tax Act, 1961, accordingly no contingent liability disclosed for the same.

C. Management is of the view that the above litigation will not impact significantly the financial position of the company.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 36 RELATED PARTY DISCLOSURES

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported year, are as detailed below:

### List of Related Parties :

#### I Subsidiaries

- i Paras Aerospace Private Limited
- ii Paras Green Optics Private Limited
- iii Paras Anti- Drone Technologies Private Limited
- iv OPEL Technologies Pte. Ltd.
- v Ayatti Innovative Private Limited (w.e.f. October 06, 2022)

#### II Associate

- i Krasny Paras Defence Technologies Private Limited

#### III Key Managerial Personnel

- i Mr. Sharad Shah (Non-Executive Director)
- ii Mr. Munjal Sharad Shah (Managing Director)
- iii Mrs. Shilpa Amit Mahajan (Whole-time Director)
- iv Mr. Harsh Bhansali (Chief Financial Officer)
- v Mr. Ajit Sharma (till December 17, 2022)
- vi Mr. Hemalkumar Hiranbhai Sagalia (w.e.f March 29, 2023)

#### IV Key Managerial Personnel Relatives

- i Mrs. Ami Munjal Shah
- ii Mrs. Niranjana Shah
- iii Mrs. Kaajal Bhansali
- iv Mr. Anish Mehta
- v Mr. Amit Mahajan

#### V Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :

- i Defspace Technologies Private Limited

#### A Transactions with Related Parties :

Nature of Transactions	Name of the Related Parties	For the Year ended March 31, 2023	For the year ended March 31, 2022
<b>Transactions with Subsidiaries:</b>			
<b>Investment Made</b>	Paras Aerospace Private Limited	-	60.00
	Ayatti Innovative Private Limited	129.20	-
<b>Lease Rent Deposits Received</b>	Ayatti Innovative Private Limited	5.00	-
	Paras Green Optics Private Limited	1.20	1.20
<b>Income - Lease Rent</b>	Paras Anti- Drone Technologies Private Limited	1.20	1.20
	Paras Aerospace Private Limited	3.00	3.00
	Ayatti Innovative Private Limited	9.60	-
<b>Sale of Products</b>	OPEL Technologies Pte. Ltd.	2,645.59	1,773.24
	Paras Aerospace Private Limited	30.33	-
<b>Advance Given to Vendors</b>	Paras Aerospace Private Limited	51.87	-
<b>Advance returned on the cancellation of order</b>	Paras Aerospace Private Limited	51.87	-
	Ayatti Innovative Private Limited	24.50	-
<b>Reimbursement of expenses on their behalf</b>	Paras Anti- Drone Technologies Private Limited	1.26	-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 36 RELATED PARTY DISCLOSURES (CONTD...)

Nature of Transactions	Name of the Related Parties	For the Year ended March 31, 2023	For the year ended March 31, 2022
<b>Loan Given</b>	Ayatti Innovative Private Limited	120.00	-
<b>Interest on Loan Given</b>	Ayatti Innovative Private Limited	3.19	-
<b>Transactions with Associate:</b>			
<b>Purchase of Investment</b>		47.50	4.75
<b>Lease Rent Deposits Received</b>		0.75	-
<b>Income - Lease Rent</b>	Krasny Paras Defence Technologies Private Limited	2.16	-
<b>Reimbursement of expenses on their behalf</b>		1.20	-
<b>Transactions with other Related Parties:</b>			
<b>Director Sitting Fees</b>	Mr. Sharad Shah	6.00	6.50
	Mr. Munjal Sharad Shah	69.00	60.00
	Mrs. Shilpa Amit Mahajan	24.45	16.04
<b>Managerial Remuneration</b>	Mr. Harsh Bhansali	36.83	24.19
	Mr. Ajit Sharma	10.40	13.50
	Mr. Hemalkumar Hiranbhai Sagalia	0.15	-
	Mrs. Kaajal Bhansali	33.00	24.85
<b>Salary to relatives</b>	Mrs. Ami Munjal Shah	41.00	36.00
	Mr. Amit Mahajan	24.86	16.40
	Mr. Anish Mehta	29.18	21.15
<b>Rent Expense</b>	Mr. Munjal Sharad Shah	6.00	5.10
<b>Lease Rent</b>		3.00	0.50
<b>Lease Rent Deposits Received</b>	Defspace Technologies Private Limited	-	0.50
<b>Loans Taken</b>	Defspace Technologies Private Limited	100.00	-
	Mr. Munjal Sharad Shah	-	1,368.00
<b>Loans Repaid</b>	Defspace Technologies Private Limited	100.00	-
	Mr. Munjal Sharad Shah	-	2,219.82
<b>Interest on Loan Taken</b>	Defspace Technologies Private Limited	1.30	-

### B Balances with Related Parties:

Name of the Related Parties	As at March 31, 2023	As at March 31, 2022
<b>Balances with Subsidiary Companies:</b>		
<b>Investment</b>		
Paras Aerospace Private Limited	60.60	60.60
Paras Green Optics Private Limited	1.00	1.00
Paras Anti- Drone Technologies Private Limited	0.55	0.55
OPEL Technologies Pte. Ltd.	0.05	0.05
Ayatti Innovative Private Limited	699.20	-
<b>Rent Receivables</b>		
Paras Aerospace Private Limited	-	0.81
Paras Green Optics Private Limited	-	0.32
Paras Anti- Drone Technologies Private Limited	-	0.32
<b>Trade Receivables</b>		
OPEL Technologies Pte. Ltd.	1,052.33	333.04

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 36 RELATED PARTY DISCLOSURES (CONTD...)

Name of the Related Parties	As at March 31, 2023	As at March 31, 2022
<b>Security Deposits (Current Financial Liabilities)</b>		
Ayatti Innovative Private Limited	5.00	-
<b>Loans Given</b>		
Ayatti Innovative Private Limited	120.00	-
<b>Balances with Associate Companies:</b>		
<b>Investment</b>		
Krasny Paras Defence Technologies Private Limited	52.25	4.75
<b>Security Deposits (Current Financial Liabilities)</b>		
Krasny Paras Defence Technologies Private Limited	0.75	-
<b>Balance with other Related Parties:</b>		
<b>Other Payable (Rent Payable)</b>		
Mr. Munjal Sharad Shah	0.45	0.45
<b>Other Payables (Salary &amp; Director Sitting Fees Payable)</b>		
Mr. Munjal Sharad Shah	-	2.24
Mrs. Ami Munjal Shah	-	2.40
Mrs. Shilpa Mahajan	0.27	1.30
Mr. Harsh Bhansali	-	0.03
Mrs. Kaajal Bhansali	-	0.50
Mr. Amit Mahajan	0.86	1.25
Mr. Anish Mehta	0.07	0.15
Mr. Ajit Sharma	-	1.03
Mr. Sharad Virji Shah	-	0.45
Mr. Hemalkumar Hiranbhai Sagalia	1.03	-
<b>Other Receivable</b>		
Defspace Technologies Private Limited	-	0.30
<b>Security Deposits (Current Financial Liabilities)</b>		
Defspace Technologies Private Limited	0.50	0.50

### C. Compensation to Key Management Personnel of the Company

Nature of transaction	For the Year ended March 31, 2023	For the year ended March 31, 2022
Short-term employee benefits	140.83	113.73
Post-employment benefits	(1.22)	3.76
<b>Total compensation to Key Management Personnel</b>	<b>139.61</b>	<b>117.49</b>

### D. The details of loans given by the Company are as under:

Name of the Company	Ayatti Innovative Private Limited
Outstanding as at March 31, 2023	120.00
Maximum amount outstanding during the year	120.00
Outstanding as at March 31, 2022	-
Maximum amount outstanding during the year	-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 37 EXPENDITURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH SCHEDULE VII.

- a. CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 53.37 lakhs (March 31, 2022 : ₹ 47.34 Lakhs)
- b. Expenditure incurred related to Corporate Social Responsibility is ₹ 61.25 Lakhs (March 31,2022: ₹ 48.03 Lakhs)
- c. Amount shortfall ₹ NIL (March 31,2022: ₹ NIL)

### Details of Expenditure incurred towards CSR given below:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Environmental Sustainability and Animal Welfare	21.25	46.76
Health Care, Sanitation and providing Drinking Water (Refer Note no 37.1)	40.00	1.27
<b>Total</b>	<b>61.25</b>	<b>48.03</b>

- 37.1** During the year, the company has contributed ₹ 61.25 lakhs to charitable trusts, which has provided a certificate stating that entire amount of ₹ 61.25 lakhs was utilised towards its objects.

## NOTE:38 FAIR VALUES

### 38.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial assets and liabilities that are recognised in the Standalone Financial Statements.

#### a) Financial Assets / Liabilities measured at Fair Value:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets designated at Fair Value through profit and loss:-</b>		
- Investments	1,109.88	347.58

#### b) Financial Assets / Liabilities designated at Amortised Cost:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets :</b>				
<b>Financial Assets designated at Amortised Cost:-</b>				
- Trade Receivables	14,477.65	14,477.65	12,174.51	12,174.51
- Cash and cash equivalents	1,559.04	1,559.04	165.54	165.54
- Bank Balance other than Cash and Cash Equivalents	2,152.26	2,152.26	7,275.05	7,275.05
- Loans	1,236.20	1,236.20	6.63	6.63
- Others	1,264.74	1,264.74	319.81	319.81
<b>Total</b>	<b>20,689.89</b>	<b>20,689.89</b>	<b>19,941.54</b>	<b>19,941.54</b>
<b>Financial Liabilities :</b>				
<b>Financial Liabilities designated at Amortised Cost:-</b>				
- Borrowings	-	-	2,912.63	2,912.63
- Trade Payable	2,473.63	2,473.63	1,524.29	1,524.29
- Other Financial Liabilities	429.58	429.58	347.25	347.25
<b>Total</b>	<b>2,903.21</b>	<b>2,903.21</b>	<b>4,784.17</b>	<b>4,784.17</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 38 FAIR VALUES (CONTD...)

### 38.2 Fair Valuation techniques used to determine Fair Value

The Company maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

- i) Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current Loans, Current Borrowings, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.
- ii) The fair values of non-current borrowings, Security Deposits and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.
- iii) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 38.3 Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

- i) **Level 1 :** Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.
- ii) **Level 2 :** Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- iii) **Level 3 :** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Company's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

Particulars	As at March 31, 2023		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
<b>Financial Assets designated at Fair Value through profit and loss:-</b>			
Investments in Equity of Co-operative Bank	-	-	# 25.00
Investment in Equity Shares	-	-	784.88
Investment in 0.01% Optionally Convertible Preference Shares	-	-	300.00

Particulars	As at March 31, 2022		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
<b>Financial Assets designated at Fair Value through profit and loss:-</b>			
Investments in Equity of Co-operative Bank	-	-	# 5.00
Investment in Equity Shares & 0% Optionally Convertible Security	-	-	342.58

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2023 and March 31, 2022

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 38 FAIR VALUES (CONTD...)

Particulars	As at March 31, 2023	Valuation Technique	Input used
<b>Financial Assets designated at fair value through profit and loss:</b>			
- Investment in unlisted equity shares	784.88	Based on professional valuer's certificate	Market approach- Comparable Transactions Multiple Method
- Investment in 0.01% Optionally Convertible Preference Shares	300.00	Based on professional valuer's certificate	Enterprises Value/ discounted cash flow

Particulars	As at March 31, 2022	Valuation Technique	Input used
<b>Financial Assets designated at fair value through profit and loss:</b>			
- Investment in unlisted equity shares & 0% Optionally Convertible Security	342.58	Based on professional valuer's certificate	Enterprises Value/ revenue Multiple Method

# since the investments under level 3 of the fair value hierarchy as at March 31, 2023 and March 31, 2022 category are not material, therefore the disclosure for the same is not given.

## NOTE: 39 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Company is exposed to market risk, credit risk, liquidity risk and competition & price risk. Risk management is carried out by the company under policies approved by the Board of Directors. This Risk management plan defines how risks associated with the Company will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored by the Company. The basic objective of risk management plan is to implement an integrated risk management approach to ensure all significant areas of risks are identified, understood and effectively managed, to promote a shared vision of risk management and encourage discussion on risks at all levels of the organization to provide a clear understanding of risk / benefit trade-offs, to deploy appropriate risk management methodologies and tools for use in identifying, assessing, managing and reporting on risks, and to determine the appropriate balance between cost and control of risk and deploy appropriate resources to manage/optimize key risks. Activities are developed to provide feedback to management and other interested parties (e.g. Audit committee, Board etc.). The results of these activities ensure that risk management plan is effective in the long term.

### 39.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2023 and March 31, 2022

#### (a) Foreign Currency Exchange Risk and Sensitivity

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities and its Investment. The Company transacts business primarily in USD and Euro. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign currency exchange risk. The Company regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

The following table demonstrates the sensitivity in the USD, GBP and Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax (PBT) due to changes in the fair values of monetary assets and liabilities is given below:

Unhedged Foreign currency exposure as at March 31, 2023	Currency	Amount in FC	Amount in INR
Investment	USD	954,642	784.88
Trade Receivable	USD	1,518,432	1,248.41
Trade Receivable	EURO	136,295	122.13
Trade Payable	USD	2,115,906	1,739.63
Trade Payable	EURO	120,556	108.03
Trade Payable	GBP	23,098	23.53

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 39 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD...)

Unhedged Foreign currency exposure As at March 31, 2022	Currency	Amount in FC	Amount in INR
Investment	USD	451,908	342.58
Trade Receivable	USD	595,172	451.18
Trade Receivable	EURO	231,971	196.39
Trade Payable	USD	1,523,924	1,155.24
Trade Payable	EURO	47,285	40.03
Trade Payable	GBP	17,871	17.79

### Foreign Currency Sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on Profit Before Tax (PBT):

Particulars	2022-23		2021-22	
	2% increase-Profit/ (Loss)	2% decrease-Profit/ (Loss)	2% increase-Profit/ (Loss)	2% decrease-Profit/ (Loss)
USD	5.87	(5.87)	(7.23)	7.23
EURO	0.28	(0.28)	3.13	(3.13)
GBP	(0.47)	0.47	(0.36)	0.36
<b>Increase / (Decrease) in Profit Before Tax</b>	<b>5.68</b>	<b>(5.68)</b>	<b>(4.46)</b>	<b>4.46</b>

### (b) Interest Rate Risk and Sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having current borrowings in the form of working capital and inter corporate deposits. There is a fixed rate of interest in case of inter corporate deposits and hence, there is no interest rate risk associated with these borrowings. The Company is exposed to interest rate risk associated with working capital facility due to floating rate of interest.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting year are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Working Capital Facility	-	2,854.43
<b>Closing Balances</b>	<b>-</b>	<b>2,854.43</b>

The table below illustrates the impact of a 2% increase / decrease in interest rates on interest on financial liabilities assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year.

Particulars	2022-23		2021-22	
	2% increase-Profit/ (Loss)	2% decrease-Profit/ (Loss)	2% increase-Profit/ (Loss)	2% decrease-Profit/ (Loss)
Working Capital Facility	-	-	(57.09)	57.09
<b>Increase / (Decrease) in Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>(57.09)</b>	<b>57.09</b>

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### 39.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operational activities (primarily trade receivables) and from its financing activities including deposits with banks and other financial instruments.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 39 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD...)

### a) Trade Receivables:

The Company measures the expected credit loss of trade receivables, which are subject to credit risk, based on historical trend, industry practices and the business environment in which the entity operates and adjusted for forward looking information. Loss rates are based on actual credit loss experience and past trends.

The Company has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix taken into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

The following table summarizes the Gross carrying amount of the trade receivables and provision made.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	15,431.35	953.70	12,974.98	800.47

The following table summarizes the changes in the Provisions made for the receivables:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening Balances</b>	800.47	614.70
Provided during the year	153.23	185.77
<b>Closing Balances</b>	<b>953.70</b>	<b>800.47</b>

### b) Financial Instruments and Cash Deposits:-

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Credit risk from balances with bank is managed by the Company's finance department. Investment of surplus funds are also managed by finance department. The Company does not maintain significant cash in hand. Excess balance of cash other than those required for its day to day operations is deposited into the bank.

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

### 39.3 Liquidity Risk :

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on short term borrowings and operating cash flows in the form of working capital to meet its need for fund. The Company does not breach any covenants wherever applicable on any of its borrowing facilities. The Company has access to a sufficient variety of sources of funding as per requirements.

The below table summaries the maturity profile of the Company's financial liability :

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
<b>March 31, 2023</b>					
Trade Payable	-	2,473.63	-	-	2,473.63
Other Financial Liabilities	-	429.58	-	-	429.58
<b>Total</b>	-	<b>2,903.21</b>	-	-	<b>2,903.21</b>
<b>March 31, 2022</b>					
Short Term Borrowings	2,854.43	58.20	-	-	2,912.63
Trade Payable	-	1,524.29	-	-	1,524.29
Other Financial Liabilities	-	337.20	-	10.05	347.25
<b>Total</b>	<b>2,854.43</b>	<b>1,919.69</b>	-	<b>10.05</b>	<b>4,784.17</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 39 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD...)

### 39.4 Competition and Price Risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

## NOTE: 40 CAPITAL RISK MANAGEMENT

For the purpose of Company's capital management, capital includes issued capital, all other equity reserves and net debts. The primary objective of the Company's capital management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt divided by total capital (equity plus net debt). Net debt are current debts as reduced by cash and cash equivalents. Equity comprises all components including other comprehensive income.

Particulars	March 31, 2023	March 31, 2022
Total Debt	-	2,912.63
Less: Cash and cash equivalent	1,559.04	165.54
<b>Net Debt</b>	<b>(1,559.04)</b>	<b>2,747.09</b>
Equity	41,313.00	37,761.65
<b>Total Capital (Equity + Net Debt)</b>	<b>39,753.96</b>	<b>40,508.74</b>
<b>Gearing ratio</b>	<b>NA</b>	<b>6.78%</b>

## NOTE: 41 SEGMENT REPORTING

### A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

As per Indian Accounting Standard 108 'Operating Segments', the chief operating decision maker of the Company has identified following reportable segments of its business:

- (i) Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes, Submarine periscope, Electromechanical assemblies and Turnkey projects.
- (ii) Defence & Space Optics Segment comprises of manufacturing and sale of Infra Red Lenses for Night Vision Devices, Space Optics/ Gratings/Mirrors, integrated opto mechanical Assemblies and Precision Diamond Turned components.
- (iii) Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles and EMP Solutions.
- (iv) Unallocated:- Consists of income, expenses, assets and liabilities which can not be directly identified to any of the above segments.

### I Segment wise Revenue

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Segment Revenue</b>		
a. Heavy Engineering	6,882.31	4,185.58
b. Defence & Space Optics	7,131.99	9,234.43
c. Defence Electronics	7,413.66	4,580.00
<b>Revenue From Operations</b>	<b>21,427.96</b>	<b>18,000.01</b>
<b>Segment Results</b>		
a. Heavy Engineering	1,998.68	530.98
b. Defence & Space Optics	3,939.18	5,082.54
c. Defence Electronics	1,456.26	608.56
<b>Total</b>	<b>7,394.12</b>	<b>6,222.08</b>
i) Finance Costs	(621.03)	(777.83)
ii) Other unallocable expenditure	(2,933.70)	(2,105.86)
iii) Unallocable Income	833.30	300.86
<b>Profit before exceptional items and Tax</b>	<b>4,672.69</b>	<b>3,639.25</b>
Exceptional items	-	-
<b>Profit Before Tax</b>	<b>4,672.69</b>	<b>3,639.25</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 41 SEGMENT REPORTING (CONTD...)

### II Segment wise Assets and Liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Segment Assets</b>		
a. Heavy Engineering	11,228.94	9,806.15
b. Defence & Space Optics	19,179.85	18,090.23
c. Defence Electronics	9,764.09	6,066.04
d. Unallocable	10,146.53	11,486.50
<b>Total</b>	<b>50,319.41</b>	<b>45,448.92</b>
<b>Segment Liabilities</b>		
a. Heavy Engineering	667.69	181.36
b. Defence & Space Optics	821.90	718.91
c. Defence Electronics	3,998.77	642.87
d. Unallocable	3,518.05	6,144.13
<b>Total</b>	<b>9,006.41</b>	<b>7,687.27</b>

### III Other Informations

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Capital Expenditure	2,318.72	836.44
Depreciation	1,067.68	1,031.99
Non-cash Expenses other than Depreciation	247.52	419.93

### B. Segment Identification, Reportable Segments and definition of each segment :

#### a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

#### b. Primary / Secondary Segment Reporting Format:

- i. The risk-return profile of the company's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.
- ii. Revenue disaggregation by geography (Refer Note No. 27.2)
- iii. No Non-Current Assets of the Company is located outside India as on March 31, 2023 and March 31, 2022

#### IV. Segment Composition:

- a. Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes, Submarine periscope, Electromechanical assemblies and Turnkey projects.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 41 SEGMENT REPORTING (CONTD...)

- b. Defence & Space Optics Segment comprises of manufacturing and sale of Infra Red Lenses for Night Vision Devices, Space Optics/ Gratings/Mirrors, integrated opto mechanical Assemblies and Precision Diamond Turned components.
- c. Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles and EMP Solutions.

#### V Segment revenue, results, assets and liabilities:

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes property, plant and equipment, trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

#### VI Information about major customers:

Revenue from operations include ₹ 10,805.45 Lakhs, (March 31, 2022 : ₹ 6386.51 Lakhs) from four customers (March 31, 2022: two customers) having more than 10% of the total revenue.

### NOTE: 42 ASSETS HELD FOR SALE

Description of the assets held for sale	As at March 31, 2023	As at March 31, 2022
Flat - Guest House	-	151.00
<b>Total</b>	-	<b>151.00</b>

### NOTE: 43 GROUP INFORMATION

Name	Principal Place of Business	% Equity interest	
		As at March 31, 2023	As at March 31, 2022
<b>A Indian subsidiaries and Associate</b>			
Paras Aerospace Private Limited	India	60.00%	60.00%
Paras Green Optics Private Limited	India	100.00%	100.00%
Paras Anti-Drone Technologies Private Limited	India	55.00%	55.00%
Ayatti Innovative Private Limited	India	58.02%	-
Krasny Paras Defence Technologies Private Limited	India	47.50%	47.50%
<b>B Overseas Subsidiary</b>			
OPEL Technologies Pte. Ltd.	Singapore	100.00%	100.00%

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 44 PROVISION

**Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":**
**Movement in provisions:**

Nature of provision	Provision for Expected Credit loss on Trade Receivables	Provision for Credit Impaired	Total
<b>As at April 01, 2021</b>	<b>614.70</b>	-	<b>614.70</b>
Provision during the Year	137.60	48.17	185.77
<b>As at March 31, 2022</b>	<b>752.30</b>	<b>48.17</b>	<b>800.47</b>
Provision during the Year	163.58	-	163.58
Provision Reversed during the Year	-	(10.35)	(10.35)
<b>As at March 31, 2023</b>	<b>915.88</b>	<b>37.82</b>	<b>953.70</b>

## NOTE: 45 THE QUARTERLY STATEMENTS OF CURRENT ASSETS FILED BY THE COMPANY WITH BANKS/FINANCIAL INSTITUTIONS ARE IN AGREEMENT WITH THE BOOKS OF ACCOUNTS.

Summary of reconciliation of quarterly statements of current assets filed by the Company with Banks are as below :-

Particulars of Securities provided	For the quarter ended	Amount as per books of account	Amount as reported in the Statement	Amount of difference*
Inventories & Trade Receivables	31/03/23	24,580.70	24,580.70	-
Inventories & Trade Receivables	31/12/22	27,605.51	27,605.51	-
Inventories & Trade Receivables	30/09/22	24,672.78	24,672.78	-
Inventories & Trade Receivables	30/06/22	20,432.76	20,432.76	-
Inventories & Trade Receivables	31/03/22	19,615.94	19,615.94	-
Inventories & Trade Receivables	31/12/21	21,031.46	21,034.08	(2.62)
Inventories & Trade Receivables	30/09/21	21,041.50	21,042.95	(1.45)
Inventories & Trade Receivables	30/06/21	18,361.42	18,362.64	(1.22)

\* There are no material difference with reference to total value of inventories and trade receivables

## NOTE: 46 RATIOS ANALYSIS AND ITS COMPONENTS

Sr. No.	Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for variance
i)	Current ratio	Current Assets	Current Liabilities	4.53	5.39	(16.08)	
ii)	Debt equity ratio	Total Debt	Total Equity (Equity Share capital + Other equity)	-	0.08	(100.00)	Mainly due to repayment of entire short term borrowing.
iii)	Debt Service Coverage Ratio	Earnings available for debt service (Net profit after taxes + depreciation & amortization + Finance cost + Non cash operating items + other adjustment)	Finance cost + principle repayment of long term borrowings during the period/year	8.90	1.08	727.55	Mainly due to better operating performance and due to repayment of Long term Borrowing in the previous year.
iv)	Return on equity ratio	Net profit after tax	Average Total Equity [(Opening Total Equity + Closing Total Equity)/2]	9.09%	9.22%	(1.39)	
v)	Inventory Turnover ratio	Revenue from Operations	Average Inventory ((opening + closing)/2)	2.71	2.56	6.13	
vi)	Trade receivables turnover ratio	Revenue from Operations	Average trade receivable ((opening + closing)/2)	1.61	1.66	(3.20)	
vii)	Trade payables turnover ratio	Cost of Materials Consumed	Average trade payable ((opening + closing)/2)	5.69	5.36	6.18	

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 46 RATIOS ANALYSIS AND ITS COMPONENTS (CONTD...)

Sr. No.	Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for variance
viii)	Net capital turnover ratio	Revenue from Operations	Working capital ((Current asset - Investments) - current liabilities)	0.91	0.76	20.16	
ix)	Net profit ratio	Net Profit after tax	Revenue from Operations	16.77%	14.95%	12.16	
x)	Return on capital employed	Profit Before interest & Tax	Total Equity + Total Debts + Deferred Tax Liability	12.19%	10.32%	18.07	
xi)	Return on investment	Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment	Current investments + Non current Investments + Fixed deposits with bank	12.25%	2.41%	408.87	Mainly due to gain on fair valuation of Investments and utilisation of Temporary deposits of IPO proceeds.

## NOTE: 47 OTHER STATUTORY INFORMATION

- There are no balances outstanding on account of any transaction with companies strike off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company does not have any such transaction which is not recorded in the books of account surrendered or disclosed as income during the year in the tax assessments under the Income-tax act, 1961.
- No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Company is not declared wilful defaulter by any bank or financial institution or other lender
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(s), including entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**NOTE: 48** Previous Year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**

Partner  
Membership No. 122179

For and on behalf of the Board of Directors

**MUNJAL SHAH**

Managing Director  
DIN: 01080863

**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**

Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**

Company Secretary  
Membership No. FCS7620

**Date: May 16, 2023**

# INDEPENDENT AUDITOR’S REPORT

**TO THE MEMBERS OF  
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

**OPINION**

We have audited the accompanying Consolidated Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and its associate, which comprise the Consolidated Balance sheet as at March 31, 2023, and the Statement of Consolidated Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Changes in Equity and the Statement of Consolidated Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiaries and associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (‘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 Consolidated State of Affairs of the Group and of its associate as at March 31, 2023 and their Consolidated Profit including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and their Consolidated Cash Flows for the year ended on that date.

**BASIS FOR OPINION**

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under

section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in “Other Matter” paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

**KEY AUDIT MATTERS (KAM)**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors’ responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>1) Revenue:</b></p> <p>During the year, the Holding Company’s revenue from operation has been increased by 19.04%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.</p> <p>Significant Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with IND AS115 ‘Revenue from contracts with customers’, resulting into recognition of revenue in incorrect period.</p>	<p>We assessed the Holding Company’s processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue.</li> <li>Performed sample tests of individual sales transaction and traced to sales invoices, sales orders shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders;</li> <li>Verifying the completeness of disclosure in the financial statements as per Ind AS 115.</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
<p><b>2) Inventories</b></p> <p>As of March 31, 2023, inventories appear in the Holding Company's Financial Statements for an amount of ₹ 9,149.35 Lakhs constitutes 18.18% of the total assets of the Holding Company. Inventories are valued at the lower of cost and net realizable value</p> <p>The Holding Company may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.</p> <p>We considered this matter as key audit matter due to the:</p> <ul style="list-style-type: none"> <li>Significance of the inventories balance.</li> <li>Complexities involve in determining quality of inventories and quantities on hand due to the number, weight, diversity of inventory, storage, Valuation procedure including of obsolete inventories.</li> </ul> <p>Refer note no. 1.3 (H) and 9 to the Financial Statements.</p>	<p>Our audit procedure included, among others:</p> <ul style="list-style-type: none"> <li>Reviewing the Holding Company's process and procedure for physical verification of the Inventories, identification of non-moving and obsolete items and accounting for the same.</li> <li>Obtaining the physical inventory count reports of the Management of Holding company as per verification plan and discussing with the Management about the Control checks performed by them</li> <li>Assessing the methods used to value inventories and ensuring the consistency of accounting methods.</li> <li>Testing, by sampling, the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories.</li> <li>Analyzing the Holding company's assessment of net realizable value and calculations for stock obsolescence.</li> <li>Verifying the completeness of disclosure in the Financial Statements as per Ind AS 2.</li> <li>Obtaining representation letter from the management as per SA 580 (revised) – Written representations.</li> </ul>

## OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Consolidated Financial Statements and our auditor's report thereon. The above information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary companies and associate not audited by us, is traced from their respective financial statements audited by the other auditors.

When we read the above other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and

fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated statement of changes in equity of the Group and its associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate and to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of the Group and of its associate.

### AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent

the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditors, such other auditors remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTER

We did not audit the financial statements of two subsidiary companies, whose financial statements reflect total assets of ₹ 1,885.62 Lakhs as at March 31, 2023, total revenues of ₹ 2,790.89 Lakhs and net cash inflows amounting to ₹ 33.58 Lakhs for the year ended on that date and the financial statements of an associate company which reflect Group's share of net (loss) after tax of ₹ (13.13) Lakhs and total comprehensive income of ₹ (13.13) Lakhs for year ended March 31, 2023 as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these aforesaid subsidiaries and an associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and an associate is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements as above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, based on our audit, we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements, referred in the Other Matters paragraph above we report, to the extent applicable, that, we report, that:
  - a. We / the other auditors, whose reports we have relied upon, 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 of the aforesaid Consolidated Financial Statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Statement of Consolidated Profit and Loss (Including other comprehensive income), the Statement of Consolidated Changes in Equity and the Statement of Consolidated Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and associate incorporated in India, none of the directors of the Group companies including its associate, incorporated in India, is disqualified as on March 31, 2023 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 with reference to Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", which is based on our reports of the Holding Company and subsidiaries Companies incorporated in India, to whom internal financial controls with reference to financial statements is applicable.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
    - h. In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2023 has been paid or provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
    - h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      - i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group and its associate as referred to in Note No. 36 to the Consolidated Financial Statements;
      - ii. The Group and its associate did not have any material foreseeable losses on 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 Holding Company and its subsidiaries and associate company incorporated in India.
      - iv. (a) The respective Managements of the Company and its subsidiaries and its associate, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to other auditor of such subsidiary and associate company, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries and associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries or associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - (b) The respective Managements of the Company and its subsidiaries and its associate, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to other auditor of such subsidiary and associate company, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been received by the Company or any of such subsidiaries or associate from any person or entity, including foreign entity ("Funding



Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (h) (iv) (a) & (b) above, contain any material misstatement.
- v. The Group and its associate has not declared or paid any dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting

software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries and its associate, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants  
Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner  
Membership No. 122179  
UDIN No.: 23122179BGQWTV2183

Mumbai  
Date: May 16, 2023

## “ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Consolidated Financial Statements for the year ended March 31, 2023

According to the information and explanations given to us and based on the CARO Reports issued by us and the auditors of respective Companies, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks given by the respective auditors in their CARO reports of the said companies included in the Consolidated Financial Statements except mentioned below.

S. No	Name of the entities	CIN	Holding/ Subsidiary/ Joint Venture Company	Clause number of the CARO report which is unfavorable or qualified or adverse
	Ayatti Innovative Private Limited	U28139PN2018PTC178147	Subsidiary Company	Clause vii(a) and xvii

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner

Membership No. 122179

UDIN No.: 23122179BGQWTV2183

Mumbai

Date: May 16, 2023

## “ANNEXURE B” TO THE INDEPENDENT AUDITORS’ REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date on Consolidated Financial Statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED for the year ended March 31, 2023)**

### **Report on the Internal Financial Controls With reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to Consolidated Financial Statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiaries, which are companies incorporated in India, as of March 31, 2023 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the internal control criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“the Guidance Note”) 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 the respective 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 Act.

### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to these Consolidated Financial Statements 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 with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these Consolidated Financial Statements included obtaining an

understanding of internal financial controls with reference to these Consolidated Financial Statements, 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 Consolidated 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 internal financial controls with reference to these Consolidated Financial Statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

A company’s internal financial control with reference to these Consolidated Financial Statements 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 with reference to these Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Financial Statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to these Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiaries,

which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system with reference to these Consolidated Financial Statements and such internal financial controls with reference to these Consolidated Financial Statements were operating effectively as at March 31,

2023, based on the internal control with reference to Consolidated Financial Statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**Anuj Bhatia**

Partner

Membership No. 122179

UDIN No.: 23122179BGQWTV2183

Mumbai

Date: May 16, 2023



# CONSOLIDATED BALANCE SHEET

as at March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>I. ASSETS</b>			
<b>1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	14,523.53	13,486.18
(b) Capital Work in Progress	2	451.89	49.88
(c) Investment property	3	1,697.22	1,783.20
(d) Intangible Assets	4	88.18	96.81
(e) Goodwill	47	644.60	-
(f) Financial Assets			
i) Investments	5	1,150.59	351.91
ii) Loans	6	1.59	-
iii) Other Financial Assets	7	1,215.54	83.88
(g) Non Current Tax Assets		0.27	2.95
(h) Deferred Tax Assets (Net)	20	3.83	-
(i) Other Non Current Assets	8	724.70	171.67
		<b>20,501.94</b>	<b>16,026.48</b>
<b>2) Current Assets</b>			
(a) Inventories	9	9,339.10	6,662.76
(b) Financial Assets			
i) Trade Receivables	10	15,031.09	12,297.74
ii) Cash and Cash Equivalents	11	1,710.73	217.97
iii) Bank Balances other than (ii) above	12	2,316.83	7,376.10
iv) Loans	13	1,144.61	6.63
v) Other Financial Assets	14	50.94	239.00
(c) Other Current Assets	15	1,958.84	2,790.02
		<b>31,552.14</b>	<b>29,590.22</b>
(d) Assets held for Sale	43	-	151.00
		<b>31,552.14</b>	<b>29,741.22</b>
<b>TOTAL ASSETS</b>		<b>52,054.08</b>	<b>45,767.70</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	16	3,900.00	3,900.00
(b) Other Equity	17	37,424.97	33,915.54
<b>Equity attributable to Owners</b>		<b>41,324.97</b>	<b>37,815.54</b>
Non Controlling Interest		20.41	37.42
<b>Total Equity</b>		<b>41,345.38</b>	<b>37,852.96</b>
<b>LIABILITIES</b>			
<b>1) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	94.58	-
(ii) Other Financial Liabilities	19	-	10.05
(b) Deferred Tax Liabilities (Net)	20	2,118.75	2,112.31
(c) Provisions	21	200.41	133.34
(d) Other Non Current Liabilities	22	-	12.33
		<b>2,413.74</b>	<b>2,268.03</b>
<b>2) Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	23	1,367.53	3,107.95
ii) Trade Payables	24		
(A) Total Outstanding dues of Micro enterprises and small enterprises		292.71	128.96
(B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises		2,319.16	1,398.24
iii) Other Financial Liabilities	25	483.22	357.93
(b) Other Current Liabilities	26	3,019.59	60.96
(c) Provisions	27	25.00	20.65
(d) Current Tax Liabilities (Net)		787.75	572.02
		<b>8,294.96</b>	<b>5,646.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,054.08</b>	<b>45,767.70</b>
Significant Accounting Policies	1		
Notes to the Consolidated Financial Statements	2 to 49		

As per our report of even date

**For Chaturvedi & Shah LLP**Chartered Accountants  
(Firm Registration No. 101720W/W100355)**ANUJ BHATIA**Partner  
Membership No. 122179**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**Managing Director  
DIN: 01080863**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**Chairman and Director  
DIN: 00622001**HEMAL KUMAR SAGALIA**Company Secretary  
Membership No. FCS7620

# STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 2023 (All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1 Revenue From Operations	28	22,242.59	18,256.24
2 Other Income	29	822.43	297.17
<b>3 Total Income (1+2)</b>		<b>23,065.02</b>	<b>18,553.41</b>
<b>4 Expenses</b>			
Cost of Materials Consumed		9,968.10	7,703.80
Purchase of Stock in Trade		1,715.45	528.11
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	(1,147.30)	(56.82)
Employee Benefits Expense	31	2,187.06	1,481.29
Finance Costs	32	671.68	783.04
Depreciation and Amortisation Expense	33	1,127.24	1,042.33
Other Expenses	34	3,845.16	3,413.93
<b>Total Expenses</b>		<b>18,367.39</b>	<b>14,895.68</b>
<b>5 Profit Before Share of Loss of Associates, Exceptional Items and tax (3-4)</b>		<b>4,697.63</b>	<b>3,657.73</b>
6 Share of loss of Associates		13.13	0.42
<b>7 Profit Before exceptional Items and Tax (5-6)</b>		<b>4,684.50</b>	<b>3,657.31</b>
8 Exceptional Items		-	-
<b>9 Profit Before Tax (7-8)</b>		<b>4,684.50</b>	<b>3,657.31</b>
<b>10 Tax Expenses :</b>			
Current Tax		1,185.41	1,009.46
Deferred Tax	20	(30.21)	(59.88)
Income Tax for Earlier Years		(64.74)	-
		<b>1,090.46</b>	<b>949.58</b>
<b>11 Profit for the Year (9-10)</b>		<b>3,594.04</b>	<b>2,707.73</b>
<b>12 Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Remeasurement Losses on Defined Benefit Plans		8.13	1.05
Tax Effect on above		(2.05)	(0.26)
<b>(ii) Items that will be reclassified to Profit or Loss</b>			
Exchange differences in translating the financial statement of a foreign operation		(6.08)	(1.12)
<b>Total Other Comprehensive Income (Net of Tax)</b>		<b>-</b>	<b>(0.33)</b>
<b>Total Comprehensive Income for the Year (11-12)</b>		<b>3,594.04</b>	<b>2,708.06</b>
<b>13 Profit attributable to</b>			
Owners of the Company		3,605.86	2,704.31
Non-Controlling Interest		(11.82)	3.42
<b>14 Other Comprehensive Income attributable to</b>			
Owners of the Company		-	(0.33)
Non-Controlling Interest		-	-
<b>15 Total Comprehensive Income Attributable to</b>			
Owners of the Company		3,605.86	2,704.64
Non-Controlling Interest		(11.82)	3.42
<b>16 Earnings per Equity Share of ₹ 10/- each</b>	35		
Basic (₹)		9.25	7.78
Diluted (₹)		9.25	7.78
Significant Accounting Policies	1		
Notes to the Consolidated Financial Statements	2 to 49		

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**

Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**

Managing Director  
DIN: 01080863

**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**

Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**

Company Secretary  
Membership No. FCS7620





# STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

for the year ended March 31, 2023 (All amounts in Rupees Lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL

Particulars	Balance as at April 01, 2021	Changes during the Year	Balance as at March 31, 2022	Changes during the Year	Balance as at March 31, 2023
Equity Share Capital	2,985.31	914.69	3,900.00	-	3,900.00

## B. OTHER EQUITY

Particulars	Attributable to Equity Holders of Parent							Total
	Reserves and Surplus				Revaluation Reserve	Item of Other Comprehensive Income		
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	
<b>Balance as at April 01, 2021</b>	<b>(808.36)</b>	<b>4,315.35</b>	<b>11.92</b>	<b>9,931.35</b>	<b>4,183.09</b>	<b>(0.58)</b>	<b>45.41</b>	<b>17,678.18</b>
Issue of Equity Shares (Ref Note No. 16.2, 16.3 and 16.4)	-	14,785.47	-	-	-	-	-	14,785.47
Expenses related to Issue of Equity Shares (Net of Taxes)	-	(1,265.65)	-	-	-	-	-	(1,265.65)
Movement In Non Controlling Interest	-	-	-	12.90	-	-	-	12.90
Total Comprehensive Income for the year	-	-	-	2,704.31	-	1.12	(0.79)	2,704.64
<b>Balance as at March 31, 2022</b>	<b>(808.36)</b>	<b>17,835.17</b>	<b>11.92</b>	<b>12,648.56</b>	<b>4,183.09</b>	<b>0.54</b>	<b>44.62</b>	<b>33,915.54</b>
<b>Balance as at April 01, 2022</b>	<b>(808.36)</b>	<b>17,835.17</b>	<b>11.92</b>	<b>12,648.56</b>	<b>4,183.09</b>	<b>0.54</b>	<b>44.62</b>	<b>33,915.54</b>
Reversal of Deferred Tax (IPO related expenses)	-	(35.39)	-	-	-	-	-	(35.39)
Movement In Non Controlling Interest	-	-	-	(61.04)	-	-	-	(61.04)
Total Comprehensive Income for the year	-	-	-	3,605.86	-	6.08	(6.08)	3,605.86
<b>Balance as at March 31, 2023</b>	<b>(808.36)</b>	<b>17,799.78</b>	<b>11.92</b>	<b>16,193.38</b>	<b>4,183.09</b>	<b>6.62</b>	<b>38.54</b>	<b>37,424.97</b>

As per our report of even date

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**  
Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**  
Managing Director  
DIN: 01080863

**HARSH BHANSALI**  
Chief Financial Officer

**SHARAD SHAH**  
Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**  
Company Secretary  
Membership No. FCS7620

# STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2023 (All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before Tax as per the Consolidated Statement of Profit and Loss		<b>4,684.50</b>		<b>3,657.31</b>
<b>ADJUSTED FOR :</b>				
Depreciation and Amortisation Expense		1,127.24		1,042.33
Share of loss of Associate Company		13.13		-
Interest Income		(292.54)		(133.89)
Dividend Income		(0.70)		-
Finance Costs		671.68		783.04
Loss on sale of Property, Plant and Equipment (Net)		6.31		5.53
Bad Debts / Advances written off (Net)		91.20		234.16
Provision for Expected Credit Loss		163.58		147.91
(Reversal) / Provision for Credit Impaired		(10.35)		48.17
Gain on Financial Instruments measured at fair value through profit or loss		(442.30)		(47.05)
Unrealised (Gain) / Loss on Foreign Currency Transactions and Translation (net)**		(3.41)	1,323.84	10.43
				2,090.63
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>6,008.34</b>		<b>5,747.94</b>
<b>ADJUSTMENTS FOR :</b>				
Trade and Other Receivables		(1,868.71)		(4,290.90)
Inventories		(2,676.34)		808.33
Trade and Other Payables		4,057.58	(487.47)	66.42
				(3,416.15)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>5,520.87</b>		<b>2,331.79</b>
Direct Taxes Including Interest (Paid)		(948.36)		(1,180.72)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>4,572.51</b>		<b>1,151.07</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment, Intangible assets, Capital Work-in-Progress and Intangible Assets under Development		(2,532.63)		(860.46)
Sale of Property, Plant and Equipment & Asset held for Sale		155.15		261.43
Investment in Subsidiary Company		(570.00)		-
Investment in Associate Company		(47.50)		(4.33)
Purchase of Non current Investment		(523.01)		(187.95)
Sale of Non current Investment		201.00		-
Inter- corporate deposit given		(1,130.00)		-
Interest Income		384.04		59.76
Dividend Income		0.70		-
Temporary deposits / Balances of Initial Public Offering Proceeds / Utilized		5,025.20		(6,979.04)
<b>NET CASH GENERATED / (USED IN) INVESTING ACTIVITIES</b>		<b>962.95</b>		<b>(7,710.59)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceed from Issue of Fresh Equity Shares		-		15,700.16*
Proceed from Issue of share to Non Controlling Interest		-		40.00
Redemption of 0.01% Optionally Convertible Preference Shares		-		(1,397.00)
Proceed from Non Current Borrowings		120.00		-
Repayment of Non Current Borrowings		(4.89)		(3,801.07)
Current Borrowings (Net)		(2,475.21)		(2,122.29)
Payment related to Initial Public Offering		(39.53)		(1,219.65)*
Finance Costs		(594.84)		(912.83)
Margin Money (Net)		(1,074.41)		22.44
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>		<b>(4,068.88)</b>		<b>6,309.76</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,466.58</b>		<b>(249.76)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>217.97</b>		<b>468.26</b>
Pursuant to the acquisition of Subsidiary Company (Refer Note No. 47)		26.17		-
Effect of Exchange rate on Cash and Cash Equivalents		0.01		(0.53)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 11.1)</b>		<b>1,710.73</b>		<b>217.97</b>

\* Does not include ₹ 3,017.85 Lakhs received towards offer for sale of 17,24,490 equity shares of ₹ 10/- by the Selling Shareholders and through IPO and proportionate expenses for the same.

\*\* On account of translation of foreign subsidiaries



# STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2023 (All amounts in Rupees Lakhs, unless otherwise stated)

## Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings

Particulars	March 31, 2023	March 31, 2022
<b>OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>	<b>3,107.95</b>	<b>10,604.87</b>
Add : Pursuant to the acquisition of Subsidiary Company (Refer Note No. 47)	714.26	-
Add : Changes from Cash Flow from Financing Activities (Net)	(2,360.10)	(7,320.37)
Add : Change in Fair Value	-	(176.55)
<b>CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>	<b>1,462.11</b>	<b>3,107.95</b>

(i) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

(ii) Figures in brackets indicate Outflows.

(iii) Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**

Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**

Managing Director  
DIN: 01080863

**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**

Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**

Company Secretary  
Membership No. FCS7620

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## 1.1 CORPORATE INFORMATION

The consolidated financial statements comprise of Paras Defence & Space Technologies Limited ("the Company" or "Holding Company"), its subsidiaries and associate, as detailed in Note No. 44, for the year ended March 31, 2023. The Company is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai 400706. The Group is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. On October 1, 2021, the equity shares of the Holding Company have been listed on the BSE Limited and National Stock Exchange of India Limited.

The consolidated financial statements of the Group for the year ended March 31, 2023 were approved and adopted by board of directors in their meeting held on May 16, 2023.

## 1.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

The Consolidated financial statements have been prepared and presented on going concern basis and historical cost basis, except for the following assets and liabilities, which have been measured as indicated below:

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).
- Employee's Defined Benefit Plans measured as per actuarial valuation report.

These consolidated financial statements are presented in Indian Rupees, which is the group's functional and presentation currency and all values are rounded off to the nearest lakhs with two decimals, except when otherwise indicated.

## 1.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared on the following principles of consolidation:

- i) The financial statements of the Holding Company and its subsidiaries/ entity where control exists are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions and any unrealized income and expenses arising from intra Group transactions.

- ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The difference between the cost of investment in the subsidiaries and the Parent's share of net assets at the time of acquisition of control in the subsidiaries is recognised in the consolidated financial statements as goodwill. However, resultant gain (bargain purchase) is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity.
- iii) The intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.
- iv) In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).
- v) The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.
- vi) For the acquisitions of additional interests in subsidiaries, where there is no change in the control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests, the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Consolidated Statement of Profit and Loss. Any investment retained is recognised at fair value. The results of subsidiaries acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

- vii) Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- viii) Investment in Associates has been accounted under the Equity Method as per Ind AS 28 – Investments in Associates and Joint Ventures. The investment in associates is initially recognised at cost. Subsequently, under the equity method, post-acquisition attributable profit/losses and other comprehensive income are adjusted in the carrying value of investment to the extent of the Group's investment in the associates. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

## 1.4 SIGNIFICANT ACCOUNTING POLICIES

### (A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Group has availed the fair value as deemed cost on the date of Ind AS transition i.e. April 1, 2016.

Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress" and expenses incurred relating to it, net of income earned during the development stage, are disclosed as pre-operative expenses under "Capital Work-in-Progress".

Property, Plant and Equipment are eliminated from consolidated financial statements, either on disposal or when retired from active use. Gains / losses arising in the case of retirement/disposal of Property, Plant and Equipment are recognised in the Consolidated Statement of Profit and Loss in the year of occurrence.

### Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

### Depreciation:

Depreciation on property, plant and equipment is provided on straight line method for the year for which the assets have been used as under:

- (a) Depreciation on assets is provided over the useful life of assets as prescribed under schedule II of Companies Act, 2013
- (b) Leasehold land is amortised over the period of lease.

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Depreciation on the Property, Plant and Equipment is provided using straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013 except for following assets where the useful life is different as per technical evaluation than those prescribed in Schedule II are mentioned below-

Particulars	Useful Life
Drone Charging Station	2 Years
Drone	3 Years

### (B) Intangible Assets and Amortisation:

Intangible Assets are stated at cost, net of accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Consolidated Statement of Profit and Loss. In case of Intangible Assets, the Group has availed the fair value as deemed cost on the date of transition i.e. April 1, 2016. The period of amortisation is as under :

Asset	Period of amortisation
Computer Software	6 Years
Technical Know-how	6 Years

### (C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the Consolidated Statement of Profit and Loss when the changes arises.

Though the Group measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Consolidated Statement of Profit and Loss in the period of de-recognition.

## (D) Borrowing Cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the respective Companies that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year. All other borrowing costs are expensed in the year in which they occur.

## (E) Impairment of Non-Financial Assets - Property, Plant and Equipment & Intangible Assets:

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Consolidated Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has

been a change in the estimate of recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

## (F) Government Grants and Subsidy:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the respective Companies will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised by deducting the grant from the value of respective asset to arrive at carrying amount.

## (G) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) and deferred tax. Tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

## (H) Inventories:

Inventories are measured at lower of cost and net realisable value (NRV) after providing for obsolescence, if any. NRV is the estimate

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

selling price in the ordinary course of business, less estimated costs of completion and estimate cost necessary to make the sale. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. The Cost of Work in Progress and Finished Goods is determined on absorption costing methods.

### (I) Financial Instruments:

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

#### Financial Assets - Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost. Purchase and sale of financial assets are recognized using trade date accounting. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### Financial assets - Subsequent measurement

For the purpose of subsequent measurement financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the Consolidated Statement of Profit and Loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- a) Business model test: The objective of the Group's business model is to hold the financial asset to collect the contractual cash flow.
- b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income

unless the asset is designated at fair value through profit or loss under the fair value option.

- a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

#### Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flow from the asset.

#### Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- a) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## Financial Liabilities - Initial recognition and measurement:

The financial Liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Financial Liabilities - Subsequent measurement:

Financial Liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

## Financial Liabilities - Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

## Financial liability - Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

## (J) Fair Value:

The Group measures financial instruments at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to

measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

## (K) Investment in Associate:

The Group has elected to recognize its investment in associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

## (L) Revenue Recognition and Other Income:

### Sales of goods and services:

The Group derives revenues primarily from sale of products comprising of Defence & Space Applications

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

As a consequence, it does not adjust any of the transaction prices for the time value of money.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

## Contract Balances - Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional.

## Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## Other Income:

Incentives on exports and other Government incentives related to operations are recognised in the Consolidated Statement of Profit and Loss after due consideration of certainty of utilization/ receipt of such incentives.

## Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Dividend Income:

Dividend Income is recognised when the right to receive the payment is established.

## Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the statement of profit or loss.

## (M) Foreign currency transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other finance gains / losses are presented in the Consolidated Statement of Profit and Loss on a net basis.

In case of an asset, expense or income where a monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

## (N) Employee Benefits:

Short term employee benefits are recognized as an expense in the Consolidated Statement of Profit and Loss of the year in which the related services are rendered. Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

the period in which they arise. Other costs are accounted in Consolidated Statement of Profit and Loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

## (O) Lease:

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Group is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that options. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### (P) Research and Development:

Revenue expenditure on Research and Development is charged in the year in which it is incurred. Capital Expenditure for Research and Development is capitalised when commissioned and included in the Plant, Property and Equipment and depreciated in accordance with the policies stated for Property, Plant and Equipment.

### (Q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Consolidated Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Consolidated Financial Statements. Contingent assets are not recognised in consolidated financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

### (R) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

### (S) Cash and cash equivalents:

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined

above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### (T) Earnings per share:

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

### (U) Current / Non-current classification:

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

The Group has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by Ministry of Corporate Affairs (MCA).

#### An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Group has identified twelve months as its operating cycle.

### (V) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

### (W) Asset Held for Sale:

Non-Current Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-Current Assets are classified as Held for Sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the Consolidated Statement of Profit and Loss as a separate line item. On classification as Held for Sale, the assets are no longer depreciated. Assets and liabilities classified as Held for Sale are presented separately as current items in the Balance Sheet.

### (x) Business Combination and Goodwill/Capital Reserve:

The Group uses the pooling of interest method of accounting to account for common control business combination and acquisition method of accounting to account for other business combinations.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired

is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in other equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in other equity as capital reserve, without routing the same through OCI.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within other equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Consolidated Statement of Profit and Loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

In case of Pooling of interest method of accounting, the assets and liabilities of the combining entities recognise at their carrying amounts. No adjustment is made to reflect the fair value or recognise any new assets and liabilities. The financial information in the consolidated financial statements in respect of prior periods restates as if the business combination had occurred from the beginning of the preceding period. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

diligence fees, and other professional and consulting fees are expensed as incurred.

## 1.5 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### a) Depreciation/amortisation and useful lives of property plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

### b) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### c) Defined benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rate of return on assets and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

### d) Income Tax:

Respective Companies reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to

an adjustment to the amounts reported in the consolidated financial statements. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

### e) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### f) Recoverability of trade receivables:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### g) Contingencies:

Management has estimated the possible outflow of resources at the end of each annual financial year, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

### h) Impairment of Non-Financial Assets:

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

## 1.6 STANDARDS ISSUED BUT NOT EFFECTIVE

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to Company from April 1, 2023:

Ind AS 101 – First-time Adoption of Indian Accounting Standards

Ind AS 102 – Share-based Payment

Ind AS 103 – Business Combinations

Ind AS 107 – Financial Instruments Disclosures

Ind AS 109 – Financial Instruments

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 1 – Presentation of Financial Statements

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 12 – Income Taxes

Ind AS 34 - Interim Financial Reporting

Application of above amended standards are not expected to have any significant impact on the Group Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Rupees Lakhs, unless otherwise stated)

for the year ended March 31, 2023

## NOTE: 2 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use Assets (Building)	Total
<b>Balance as at April 01, 2021</b>	<b>377.82</b>	<b>5,463.32</b>	<b>4,179.89</b>	<b>8,295.44</b>	<b>302.39</b>	<b>403.76</b>	<b>184.12</b>	<b>86.26</b>	<b>13.18</b>	<b>19,306.18</b>
Additions for the Year	-	-	58.47	447.10	126.52	-	87.75	35.22	-	755.06
Disposals / Adjustment	-	-	-	13.56	4.30	-	-	-	13.18	31.04
Reclassification as investment property (Refer Note No. 3)	377.82	-	1,835.34	-	-	-	-	-	-	2,213.16
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>5,463.32</b>	<b>2,403.02</b>	<b>8,728.98</b>	<b>424.61</b>	<b>403.76</b>	<b>271.87</b>	<b>121.48</b>	<b>-</b>	<b>17,817.04</b>
Addition pursuant to acquisition of Subsidiary Company (Refer Note No. 47)	-	-	-	366.81	5.87	-	0.39	-	-	373.07
Additions for the Year	-	-	284.43	1,109.21	125.09	-	111.58	26.71	-	1,657.02
Disposals / Adjustment	-	-	-	-	-	10.85	32.31	10.51	-	53.67
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>5,463.32</b>	<b>2,687.45</b>	<b>10,205.00</b>	<b>555.57</b>	<b>392.91</b>	<b>351.53</b>	<b>137.68</b>	<b>-</b>	<b>19,793.46</b>
<b>Depreciation</b>										
<b>Balance as at April 01, 2021</b>	<b>-</b>	<b>405.85</b>	<b>767.10</b>	<b>2,178.69</b>	<b>97.81</b>	<b>210.34</b>	<b>88.68</b>	<b>43.42</b>	<b>1.10</b>	<b>3,792.99</b>
Depreciation for the Year	-	81.17	156.84	580.79	31.92	44.96	33.58	22.90	6.59	958.75
Disposals / Adjustment	-	-	-	8.20	3.69	-	-	-	7.69	19.58
Reclassification as investment property	-	-	401.30	-	-	-	-	-	-	401.30
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>487.02</b>	<b>522.64</b>	<b>2,751.28</b>	<b>126.04</b>	<b>255.30</b>	<b>122.26</b>	<b>66.32</b>	<b>-</b>	<b>4,330.86</b>
Depreciation for the Year	-	81.17	100.76	657.68	34.44	40.35	43.30	24.58	-	982.28
Disposals / Adjustment	-	-	-	-	-	6.85	27.49	8.87	-	43.21
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>568.19</b>	<b>623.40</b>	<b>3,408.96</b>	<b>160.48</b>	<b>288.80</b>	<b>138.07</b>	<b>82.03</b>	<b>-</b>	<b>5,269.93</b>
<b>Net Carrying Value</b>										
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>4,976.30</b>	<b>1,880.38</b>	<b>5,977.70</b>	<b>298.57</b>	<b>148.46</b>	<b>149.61</b>	<b>55.16</b>	<b>-</b>	<b>13,486.18</b>
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>4,895.13</b>	<b>2,064.05</b>	<b>6,796.04</b>	<b>395.09</b>	<b>104.11</b>	<b>213.46</b>	<b>55.65</b>	<b>-</b>	<b>14,523.53</b>

**2.1** Property, Plant and Equipment include assets pledged / hypothecated as security (Refer note no. 18 and 23).

**2.2** Vehicles, having carrying value of ₹ 85.69 lakhs (March 31, 2022 : ₹ 121.84 lakhs), are registered in the name of the Directors or erstwhile Directors of the Company or of entities that has since been amalgamated with the Company in pursuance to the scheme of amalgamation.

**2.3** Refer Note No. 36 (B) for contractual commitments for the acquisition of Property, Plant and Equipments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 2 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

#### 2.4 Capital Work in Progress includes

Particulars	As at March 31, 2023	As at March 31, 2022
Building under Construction	9.38	2.60
Plant and Machinery	442.51	47.28
<b>Total</b>	<b>451.89</b>	<b>49.88</b>

#### 2.5 Capital Work In Progress ageing schedule as at March 31, 2023 is as follows:

Particulars	Amount in Capital Work in Progress for the period of				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
Project in progress	404.61	47.28	-	-	451.89
Project temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>404.61</b>	<b>47.28</b>	<b>-</b>	<b>-</b>	<b>451.89</b>

#### Capital Work In Progress ageing schedule as at March 31, 2022 is as follows:

Particulars	Amount in Capital Work in Progress for the period of				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
Project in progress	49.88	-	-	-	49.88
Project temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>49.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.88</b>

2.6 The Group does not have any Capital work in progress, whose completion is overdue or exceeded its cost compared to its original plan.

2.7 Building includes cost of shares in Co-operative society of ₹ 750 ( March 31, 2022: ₹ 750).

2.8 In accordance with the Indian Accounting standards -36 on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Ind AS. On the basis of the review carried out by the management, there was no impairment loss on Property, Plant, and Equipment during the year ended March 31, 2023.

### NOTE: 3 INVESTMENT PROPERTY

Particulars	Land	Buildings	Total
<b>Costs:</b>			
<b>As at April 01, 2021</b>	-	-	-
Reclassified from property, plant and equipment	377.82	1,835.34	2,213.16
<b>As at March 31, 2022</b>	<b>377.82</b>	<b>1,835.34</b>	<b>2,213.16</b>
Addition	-	-	-
<b>As at March 31, 2023</b>	<b>377.82</b>	<b>1,835.34</b>	<b>2,213.16</b>
<b>Depreciation</b>			
<b>As at April 01, 2021</b>	-	-	-
Reclassified from property, plant and equipment	-	401.30	401.30
Depreciation	-	28.66	28.66
<b>As at March 31, 2022</b>	<b>-</b>	<b>429.96</b>	<b>429.96</b>
<b>As at April 01, 2022</b>	<b>-</b>	<b>429.96</b>	<b>429.96</b>
Depreciation	-	85.98	85.98
<b>As at March 31, 2023</b>	<b>-</b>	<b>515.94</b>	<b>515.94</b>
<b>Net Carrying Value</b>			
<b>Balance as at March 31, 2022</b>	<b>377.82</b>	<b>1,405.38</b>	<b>1,783.20</b>
<b>Balance as at March 31, 2023</b>	<b>377.82</b>	<b>1,319.40</b>	<b>1,697.22</b>

#### 3.1 The Group's Investment Properties as at March 31, 2023 consist of Land and Building



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 3 INVESTMENT PROPERTY (CONTD...)

### 3.2 Income /(Loss) from Investment Properties generating Rental Income

Particulars	As at March 31, 2023	As at March 31, 2022
Rental Income derived from investment properties	40.00	16.00
Direct Expenses	-	2.38
Income arising from investment properties before depreciation	40.00	13.62
Depreciation	85.98	28.66
<b>Loss from Investment properties (Net)</b>	<b>(45.98)</b>	<b>(15.04)</b>

### 3.3 Leasing arrangements

The Holding Company has decided to terminate the above lease agreement in the month of January, 2023 and presently the property is vacant and as the intention of the management to earn rentals, therefore the same property is classified as Investment Property.

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	-	48.80
Later than one year but not later than five years	-	200.43
<b>Total</b>	<b>-</b>	<b>249.23</b>

**3.4** The Fair Values of the properties are ₹ 2,730.00 Lakhs (March 31, 2022: ₹ 2,520.00 Lakhs). This valuation is based on the valuations performed by an registered valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts or local brokers. The fair value measurement for the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

**3.5** The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

## NOTE: 4 INTANGIBLE ASSETS

Particulars	Computer Software*	Process Technology / Technical know- How*	Total
<b>Balance as at April 01, 2021</b>	<b>23.57</b>	<b>309.14</b>	<b>332.71</b>
Additions for the Year	2.03	-	2.03
<b>Balance as at March 31, 2022</b>	<b>25.60</b>	<b>309.14</b>	<b>334.74</b>
Additions for the Year	50.35	-	50.35
<b>Balance as at March 31, 2023</b>	<b>75.95</b>	<b>309.14</b>	<b>385.09</b>
<b>Amortisation</b>			
<b>Balance as at April 01, 2021</b>	<b>7.44</b>	<b>175.57</b>	<b>183.01</b>
Amortisation charge for the Year	3.40	51.52	54.92
<b>Balance as at March 31, 2022</b>	<b>10.84</b>	<b>227.09</b>	<b>237.93</b>
Amortisation charge for the Year	7.46	51.52	58.98
<b>Balance as at March 31, 2023</b>	<b>18.30</b>	<b>278.61</b>	<b>296.91</b>
<b>Net Carrying Amount</b>			
<b>Balance As at March 31, 2022</b>	<b>14.76</b>	<b>82.05</b>	<b>96.81</b>
<b>Balance As at March 31, 2023</b>	<b>57.65</b>	<b>30.53</b>	<b>88.18</b>

\* Other than self generated

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 5 NON CURRENT INVESTMENT

Particulars	Number of Shares		Face Value	As at	As at
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
<b>(Unquoted, Fully Paid Up)</b>					
<b>A. Investment in Equity Instruments</b>					
<b>i) Associate Company (Carried at Cost)</b>					
Krasny Paras Defence Technologies Private Limited	522,500	47,500	10	38.70	4.33
<b>ii) Others (Carried at fair value through Profit &amp; Loss)</b>					
NKGSB Co- Operative Bank Limited	270,500	50,000	10	27.01	5.00
Highlander Aviation Limited	87,953	10,357	NIS 0.01	784.88	41.31
Hindustan Agri Drones and SpaceX Limited (₹ 10)	1	-	10	0	-
<b>B. Investment in 0% Optionally Convertible Security</b>					
<b>(Carried at fair value through Profit &amp; Loss)</b>					
Highlander Aviation Limited #	-	-	-	-	301.27
<b>C. Investment in 0.01% Optionally Convertible Preference Shares</b>					
<b>(Carried at fair value through Profit &amp; Loss)</b>					
FFS Industries Private Limited	287,838	-	100	300.00	-
<b>Total</b>				<b>1,150.59</b>	<b>351.91</b>

# Converted into Equity Shares

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate Amount of Unquoted Investments	1,150.59	351.91
Aggregate Amount of Quoted Investments and Market Value	-	-
Investments Carried at fair value through Profit and Loss	1,111.89	347.58
Investment Carried at Cost	38.70	4.33

### NOTE: 6 OTHER NON CURRENT FINANCIAL ASSETS - LOANS

Particulars	As at March 31, 2023	As at March 31, 2022
Loans to Employees	1.59	-
<b>Total</b>	<b>1.59</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 7 OTHER NON CURRENT FINANCIAL ASSET

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with Banks held as Margin Money	1,171.88	62.88
Security Deposits	43.66	21.00
<b>Total</b>	<b>1,215.54</b>	<b>83.88</b>

## NOTE: 8 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Capital Advances	682.06	167.09
Prepaid Expenses	42.64	4.58
<b>Total</b>	<b>724.70</b>	<b>171.67</b>

## NOTE: 9 INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials	3,313.60	1,478.86
Raw Materials In Transit	48.62	354.95
Work-in-Progress	5,694.87	4,465.17
Finished Goods	12.77	95.17
Stores, Spares and Consumables	269.24	266.88
Stores, Spares and Consumables In Transit	-	1.73
<b>Total</b>	<b>9,339.10</b>	<b>6,662.76</b>

**9.1** For basis of valuation Refer Accounting Policy Note No. 1.4 (H)

**9.2** For Inventories hypothecated as security (Refer Note No 18 and 23)

## NOTE: 10 TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured)		
Considered Good	15,780.36	12,973.50
Significant Increase in Credit Risk	177.97	87.01
Credit Impaired	37.82	48.17
	<b>15,996.15</b>	<b>13,108.68</b>
Less: Provision for Expected Credit Loss	927.24	762.77
Less: Provision for credit impaired	37.82	48.17
<b>Total</b>	<b>15,031.09</b>	<b>12,297.74</b>

**10.1** For Hypothecated as security (Refer Note No. 18 and 23)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 10 TRADE RECEIVABLES (CONTD...)

**10.2 Trade Receivables Ageing Schedules as at March 31, 2023 and March 31, 2022 are as below :-**

**As at March 31, 2023**

Particulars	Not due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1,606.86	7,126.04	4,853.93	1,652.93	540.60	-	<b>15,780.36</b>
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	1.25	27.68	149.04	177.97
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	37.82	37.82
Disputed Trade Receivables –considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>1,606.86</b>	<b>7,126.04</b>	<b>4,853.93</b>	<b>1,654.18</b>	<b>568.28</b>	<b>186.86</b>	<b>15,996.15</b>
Less: Provision for Expected Credit Loss							927.24
Less: Provision for Credit Impaired	-	-	-	-	-	37.82	37.82
<b>Total</b>	<b>1,606.86</b>	<b>7,126.04</b>	<b>4,853.93</b>	<b>1,654.18</b>	<b>568.28</b>	<b>149.04</b>	<b>15,031.09</b>

**As at March 31, 2022**

Particulars	Not due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	5,281.64	3,682.88	3,130.14	761.51	61.41	55.92	<b>12,973.50</b>
Undisputed Trade Receivables – which increase in credit risk	-	-	0.16	4.69	13.08	69.08	87.01
Undisputed Trade Receivables – credit impaired	-	-	-	12.53	0.15	35.49	48.17
Disputed Trade Receivables –considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>5,281.64</b>	<b>3,682.88</b>	<b>3,130.30</b>	<b>778.73</b>	<b>74.64</b>	<b>160.49</b>	<b>13,108.68</b>
Less: Provision for Expected Credit Loss							762.77
Less: Provision for Credit Impaired	-	-	-	12.53	0.15	35.49	48.17
<b>Total</b>	<b>5,281.64</b>	<b>3,682.88</b>	<b>3,130.30</b>	<b>766.20</b>	<b>74.49</b>	<b>125.00</b>	<b>12,297.74</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 11 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and Cash Equivalents</b>		
Balances with Banks in Current Accounts/ Cash Credit Account	1,695.27	199.88
Cash in hand	10.46	18.09
Cheque in Hand	5.00	-
<b>Total</b>	<b>1,710.73</b>	<b>217.97</b>

### 11.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks in Current Accounts/ Cash Credit Account	1,695.27	199.88
Cash on hand	10.46	18.09
Cheque in Hand	5.00	-
<b>Total</b>	<b>1,710.73</b>	<b>217.97</b>

## NOTE: 12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Bank in Monitoring Agency & Escrow Account	453.79	378.99
Fixed Deposits with Bank*	1,500.00	6,600.00
Fixed Deposits with Banks Pledged as Margin Money	363.04	397.11
<b>Total</b>	<b>2,316.83</b>	<b>7,376.10</b>

\*Temporary deposits of IPO Proceeds

## NOTE: 13 LOANS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Inter Corporate Deposits	1,130.00	-
Loans to Employees	14.61	6.63
<b>Total</b>	<b>1,144.61</b>	<b>6.63</b>

13.1 Above Inter Corporate Deposits were given for Working Capital Requirements

## NOTE: 14 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
( Unsecured, Considered Good )		
Interest Receivables	15.23	106.73
Security Deposits	33.88	122.54
Other Receivables	1.83	9.73
<b>Total</b>	<b>50.94</b>	<b>239.00</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to Suppliers, Considered Good	1,548.07	2,451.14
Balances with Government Authorities	210.30	230.44
Export Incentive Receivables	10.99	26.47
Prepaid Expenses	187.22	65.37
Others *	2.26	16.60
<b>Total</b>	<b>1,958.84</b>	<b>2,790.02</b>

\* Others includes Export scripts in hand

## NOTE: 16 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
6,05,00,000 ( March 31, 2022 : 5,09,20,000 ) Equity Shares of ₹10/- each.	6,050.00	5,092.00
Nil (March 31, 2022: 9,58,000) Preference Shares of ₹ 100/- each.	-	958.00
	<b>6,050.00</b>	<b>6,050.00</b>
<b>Issued, Subscribed and Paid up</b>		
3,90,00,061 (March 31, 2022 : 3,90,00,061) Equity Shares of ₹10/- each fully paid up	3,900.00	3,900.00
<b>Total</b>	<b>3,900.00</b>	<b>3,900.00</b>

### 16.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	3,90,00,061	3,900.00	2,98,53,177	2,985.31
Add: Issue of Equity Shares (Refer Note No. 16.2 & 16.3 & 16.4)	-	-	91,46,884	914.69
<b>Shares outstanding at the end of the year</b>	<b>3,90,00,061</b>	<b>3,900.00</b>	<b>3,90,00,061</b>	<b>3,900.00</b>

**16.2** During the previous year, the Holding Company allotted 4,00,000 equity shares, Face Value of ₹10 each at a premium of ₹115/- per share on preferential basis. The expenses of ₹ 0.12 lakhs has been adjusted against Securities Premium.

**16.3** During the previous year, the Holding Company allotted 7,12,598 equity shares of face value of ₹ 10 each at a premium of ₹ 150/- per share on preferential basis. The expenses of ₹ 1.35 lakhs has been adjusted against Securities Premium.

**16.4** During the previous year, The Holding Company has completed its Initial Public Offering (IPO) of 97,58,776 equity shares of face value of ₹10 each for cash at an issue price of ₹ 175 per equity share aggregating to ₹ 17,077.85 Lakhs, consisting of Fresh Issue of 80,34,286 equity shares amounting to ₹ 14,060.00 Lakhs and an offer for sale of 17,24,490 equity shares amounting to ₹ 3,017.85 Lakhs by the Selling Shareholders. The Holding Company has incurred ₹ 1,778.23 Lakhs as IPO related expenses which are proportionately allocated between the Holding Company and Selling Shareholders as per respective offer size. The Holding Company's share of these expenses amounting to ₹ 1,264.18 Lakhs (net of deferred tax) has been adjusted against Securities Premium. On October 1, 2021, the equity shares of the Holding Company have been listed on the BSE Limited and National Stock Exchange of India Limited.

As at March 31, 2023, an utilised IPO proceeds amounting to ₹ 1,500.00 Lakhs (March 31, 2022 Is ₹ 6,600.00 lakhs) is temporarily invested in term deposits with scheduled commercial bank and ₹ 398.50 Lakhs (March 31, 2022 Is ₹ 325.03 lakhs) are lying with monitoring agency account.

The above un-utilized amount of which was due to be spent for the purchase of machinery and equipment during the fiscal year 2023, in respect of which the Holding Company Board of Directors at their meeting held on March 29, 2023 proposed to spend by fiscal year 2024 for purchase of machinery and equipment and construction of building / civil work; which has since been approved by the shareholders of the Holding Company through the e-voting postal ballot dated May 03, 2023 .

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 16 EQUITY SHARE CAPITAL (CONTD...)

### 16.5 Details of Shareholder holding more than 5% shares of the Company:

Name of Shareholders	As at March 31, 2023		As at March 31, 2022	
	No of Shares held	Percentage held	No of Shares held	Percentage held
Mr. Sharad Virji Shah	72,74,840	18.65%	72,74,840	18.65%
Mr. Munjal Sharad Shah	98,58,137	25.28%	98,58,137	25.28%

### 16.6 Details of shares held by promoters and promoter group in the Company.

Name of Shareholders	As at March 31, 2023		As at March 31, 2022		% Changes From March 31, 2022 to March 31, 2023
	No of Shares held	Percentage held	No of Shares held	Percentage held	
Mr. Sharad Virji Shah	72,74,840	18.65%	72,74,840	18.65%	0.00%
Mr. Munjal Sharad Shah	98,58,137	25.28%	98,58,137	25.28%	0.00%
Mrs. Ami Munjal Shah	10,13,008	2.60%	10,13,008	2.60%	0.00%
Mr. Anish Hemant Mehta	14,20,630	3.64%	14,20,630	3.64%	0.00%
Mrs. Kaajal Harsh Bhansali	14,20,630	3.64%	14,20,630	3.64%	0.00%
Ms. Anushka Munjal Shah	10,00,000	2.56%	10,00,000	2.56%	0.00%
Ms. Jiwanshi Munjal Shah	10,00,000	2.56%	10,00,000	2.56%	0.00%
Mrs. Niranjana Sharad Shah	5	0.00%	5	0.00%	0.00%

### 16.7 Rights of Equity Shareholders

The Holding Company has only one class of equity shares having a face value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the equity shareholders will be entitled to receive any of remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

## NOTE: 17 OTHER EQUITY

Particulars	As at	As at	As at	As at
	March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
<b>Capital Reserve</b>				
Balance as per last Balance Sheet		<b>(808.36)</b>		<b>(808.36)</b>
<b>Securities Premium</b>				
Balance as per last Balance Sheet	17,835.17		4,315.35	
<b>Add:</b> On Issue of Equity shares (Refer Note No. 16.2 & 16.3 and 16.4)	-		14,785.47	
<b>Less:</b> Expenses incurred for issue of Equity Shares (net of Taxes)*	-		(1,265.65)	
<b>Less:</b> Reversal of deferred Tax (IPO related Expenses)	(35.39)		-	
		<b>17,799.78</b>		<b>17,835.17</b>
<b>Revaluation Reserve</b>				
Balance as per last Balance Sheet		<b>4,183.09</b>		<b>4,183.09</b>
<b>General Reserve</b>				
Balance as per last Balance Sheet		<b>11.92</b>		<b>11.92</b>
<b>Retained Earnings</b>				
Balance as per last Balance Sheet	12,648.56		9,931.35	
<b>Add:</b> Share In Non Controlling Interest	(61.04)		12.90	
<b>Add:</b> Profit after tax for the Year	3,605.86		2,704.31	
		<b>16,193.38</b>		<b>12,648.56</b>
<b>Other Comprehensive Income (OCI)</b>				
Balance as per last Balance Sheet	45.16		44.83	
<b>Add:</b> Movement in OCI (Net) during the Year	-		0.33	
		<b>45.16</b>		<b>45.16</b>
<b>Total</b>		<b>37,424.97</b>		<b>33,915.54</b>

\* Include ₹ Nil (March 31, 2022: ₹ 35.00 Lakhs) paid to auditor

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 17 OTHER EQUITY (CONTD...)

### NOTE NO. 17.1 NATURE AND PURPOSE OF RESERVES

#### Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Private Limited. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Securities Premium

Securities Premium was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Revaluation Reserve

Revaluation Reserve was created for revaluation of Land and Building. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### General Reserve

The General Reserve shall be utilised in accordance with the provisions of the Companies Act, 2013.

#### Retained Earnings

Retained Earnings represent the accumulated Profits / (losses) made by the group over the years.

#### Other Comprehensive Income

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Foreign Currency Translation Reserve.

## NOTE: 18 NON CURRENT BORROWINGS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
<b>Term Loan</b>		
- From a Bank	94.58	-
<b>Total</b>	<b>94.58</b>	<b>-</b>

**18.1** The above term loan of ₹115.11 Lakhs (including Current maturities of long term debts in Note No. 23 ) is secured by Hypothecation Charge on Property, Plant and Equipment of the Subsidiary Company and further secured by collateral security of Fixed Deposit and is guaranteed by Directors in their personal capacity. The loan is repayable in 57 equal monthly installments ending in 31st December, 2027. The term loan carries interest rate @ 8.25% p.a.

#### - Maturity profile of Term Loans is as under:

Financial Year	Amount
2023-2024	20.53
2024-2025	22.36
2025-2026	24.34
2026-2027	26.49
2027-2028	21.39



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 19 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposit	-	10.05
<b>Total</b>	<b>-</b>	<b>10.05</b>

## NOTE: 20 INCOME TAX

### 20.1 Current Tax

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current Tax	1,185.41	1,009.46
Income Tax for Earlier Years	(64.74)	-
<b>Total</b>	<b>1,120.67</b>	<b>1,009.46</b>

### 20.2 The major components of Tax Expense for the year ended March 31, 2023 & March 31, 2022 are as follows:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Recognised in the Consolidated Statement of Profit and Loss</b>		
Current Tax (Refer Note No. 20.1)	1,120.67	1,009.46
Deferred Tax:-Relating to origination and reversal of temporary differences	(30.21)	(59.88)
<b>Total</b>	<b>1,090.46</b>	<b>949.58</b>

### 20.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2023 & March 31, 2022:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Accounting Profit Before Tax	4,684.50	3,657.31
Applicable tax rate (in %)	<b>25.17%</b>	<b>25.17%</b>
Computed Tax Expenses	1,178.99	920.47
<b>Tax effect on account of:</b>		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	(33.21)	30.99
Expenses not allowed under Income Tax Act	40.93	40.81
Deduction allowed under Income Tax Act	(36.85)	(38.55)
Brought Forward Loss adjusted in case of Indian Subsidiaries	(3.68)	(1.75)
Others	9.03	(2.39)
Income Tax for Earlier Years	(64.74)	-
<b>Income tax Expenses recognised in the Consolidated Statement of Profit and Loss</b>	<b>1,090.46</b>	<b>949.58</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 20 INCOME TAX (CONTD...)

#### 20.4 Deferred Tax Liabilities relates to the following :

Particulars	Balance Sheet			Statement of Profit and Loss and Other Equity	
	As at March 31, 2023	Pursuant to the acquisition of Subsidiary Company	As at March 31, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property	2,418.05	(0.52)	2,504.74	(86.17)	(14.35)
Financial Instrument-assets	(116.88)	-	(189.61)	72.73	(34.90)
IPO issue expenses	(106.15)	-	(141.54)	35.39	(141.54)
Items disallowed as per Income Tax Act, 1961	(76.27)	-	(61.02)	(15.25)	(10.89)
<b>Deferred Tax Liabilities</b>	<b>2,118.75</b>	<b>(0.52)</b>	<b>2,112.57</b>	<b>6.70</b>	<b>(201.68)</b>

#### 20.5 Deferred Tax Assets relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2023	As at March 31, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Property, Plant and Equipment and Intangible Assets	3.74	0.26	3.48	-
Items disallowed as per Income Tax Act, 1961	0.09	-	0.09	-
<b>Deferred Tax Assets</b>	<b>3.83</b>	<b>0.26</b>	<b>3.57</b>	<b>-</b>

#### 20.6 Reconciliation of Deferred Tax Liabilities (Net):

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening Balance at the beginning of the year</b>	2,112.31	2,313.99
Pursuant to the acquisition of Subsidiary Company	(0.52)	-
Deferred Tax Expenses/(Income) recognised in the Consolidated Statement of Profit and Loss	(30.21)	(59.88)
Deferred Tax Expenses/(Income) recognised in OCI	(2.05)	(0.26)
Deferred Tax Expenses/(Income) recognised in Securities Premium	35.39	(141.54)
<b>Closing Balance at the end of the year</b>	<b>2,114.92</b>	<b>2,112.31</b>

### NOTE: 21 NON-CURRENT PROVISION

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer Note No. 31.1)	200.41	133.34
<b>Total</b>	<b>200.41</b>	<b>133.34</b>

### NOTE: 22 OTHER NON CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Unamortised Portion of Security deposit	-	12.33
<b>Total</b>	<b>-</b>	<b>12.33</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 23 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
Working Capital Rupee Loans from Banks	721.92	3,044.25
Current Maturities of Long Term Debts	20.53	-
Buyers Credit	-	58.20
<b>Unsecured</b>		
Loans From Related Parties (Refer Note No. 37)	15.10	5.50
Other Loan	609.98	-
<b>Total</b>	<b>1,367.53</b>	<b>3,107.95</b>

**23.1** The working capital Loans from banks includes:

- (i) ₹ NIL (March 31, 2022: ₹ 1,473.14 Lakhs) secured by way of hypothecation of stocks & book-debts and further secured by collateral security of Plant & Machinery and Land & Building on plot no. M-6, MIDC, Additional Ambernath Industrial Area, Ambernath-421506, Maharashtra, India of the Holding Company.
- (ii) ₹ NIL (March 31, 2022: ₹ 1,439.49 Lakhs) taken by Holding company, secured by Pari Passu Charge on all existing and future current assets / movable fixed assets and Collateral Security of 1) Premises no. 103, 1st floor, Veena Industrial Premises Co-op Soc. Ltd, Plot no. B-61, Veera Desai Road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, Veena Industrial Premises Co-op Soc Ltd, Plot no. B 61, Veera Desai Road, Andheri W, Mumbai 400058. 3) Unit no. 209B, 2nd floor, Veena Industrial Premises Co-op Soc Ltd, Plot no. B 61, Veera Desai Road, Andheri W, Mumbai 400058. 4) Plot no. 108 A, survey no. 261, IDA, Cherlapally, Dist. Ranga reddy, Hyderabad-500062. 5) Plot no. D112, TTC Industrial Area, MIDC, Shiravane, Nerul, Navi Mumbai 400706, 6) Additional Mortgage on Penthouse No. 11, 13th & 14th floors, A Wing, Maruti Paradise, Sector No. 15 at CBD Belapur, Navi Mumbai - 400614 owned by Mr. Munjaj Shah.
- (iii) ₹721.92 Lakhs (March 31, 2022: ₹189.82 Lakhs) is secured by all existing and future current assets of one of the Subsidiary Company and Property, Plant and Equipment of the Subsidiary Company situated at Navi Mumbai and further secured by lien on Fixed Deposits. working capital facilities carries interest rate @ MCLR+/- 0.65 and PLR-7.5% .

**23.2** The working capital facility of subsidiary company referred to above is guaranteed by directors in their personal capacity.

**23.3** Unsecured borrowings are interest free and repayable on demand.

## NOTE: 24 TRADE PAYABLES

Particulars	As at March 31, 2023	As at March 31, 2022
Micro, Small and Medium Enterprises	300.90	135.92
Others	2,310.97	1,391.28
<b>Total</b>	<b>2,611.87</b>	<b>1,527.20</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 24 TRADE PAYABLES(CONTD...)

#### 24.1 Disclosures of the Micro, Small And Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises (MSME) under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Company and the required disclosures are given below :

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	300.90	135.92
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	13.84	4.40
(iii) The amount of Interest paid, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of Interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	13.84	4.40
(vi) The amount of Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

#### 24.2 Trade Payables Ageing Schedules are as follows:

##### As at March 31, 2023

Particulars	Not due	Outstanding from due date of payment as at March 31, 2023				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	127.26	168.11	4.42	1.11	-	300.90
Others	1,037.88	1,153.93	71.05	42.94	5.17	2,310.97
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
<b>Total</b>	<b>1,165.14</b>	<b>1,322.04</b>	<b>75.47</b>	<b>44.05</b>	<b>5.17</b>	<b>2,611.87</b>

##### As at March 31, 2022

Particulars	Not due	Outstanding from due date of payment as at March 31, 2022				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	72.89	53.22	0.99	8.82	-	135.92
Others	609.30	605.16	59.21	75.89	41.72	1,391.28
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
<b>Total</b>	<b>682.19</b>	<b>658.38</b>	<b>60.20</b>	<b>84.71</b>	<b>41.72</b>	<b>1,527.20</b>

### NOTE: 25 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Accrued and due	13.84	4.36
Interest Accrued but not due	64.27	43.65
Creditors for Capital Goods	113.44	51.88
Security Deposit	1.25	0.50
Other Payables *	290.42	257.54
<b>Total</b>	<b>483.22</b>	<b>357.93</b>

\* Other Payables mainly includes outstanding liability for expenses and payable to employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 26 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from Customers	2,955.49	32.36
Statutory Liabilities	64.10	25.16
Others *	-	3.44
<b>Total</b>	<b>3,019.59</b>	<b>60.96</b>

\* Received against Assets classified as Held for Sale and Unamortised portion of Security Deposit.

## NOTE: 27 CURRENT PROVISION

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer Note No. 31.1)	25.00	20.65
<b>Total</b>	<b>25.00</b>	<b>20.65</b>

## NOTE: 28 REVENUE FROM OPERATIONS

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of Products	21,342.05	17,629.81
Sale of Services / Job Work Income	732.70	622.27
Other Operating revenue	167.84	4.16
<b>Total</b>	<b>22,242.59</b>	<b>18,256.24</b>

### 28.1 Revenue Disaggregation by type of Products and Services as follows :

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Heavy Engineering	6,882.31	4,185.58
Defence & Space Optics	7,135.72	9,237.22
Defence Electronics	8,224.56	4,833.44
<b>Total</b>	<b>22,242.59</b>	<b>18,256.24</b>

### 28.2 Revenue disaggregation by geography is as follows:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
India	18,726.94	15,931.96
Outside India	3,515.65	2,324.28
<b>Total</b>	<b>22,242.59</b>	<b>18,256.24</b>

### 28.3 Reconciliation of Revenue from Operations with Contract Price:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Contract Price	22,248.58	18,246.23
Exchange rate variance linked consideration (Net)	-	10.01
Reduction towards variable considerations components *	5.99	-
<b>Total</b>	<b>22,242.59</b>	<b>18,256.24</b>

\*Reduction towards variable considerations comprises components of volume discounts

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 29. OTHER INCOME

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest Income from Financial assets measured at amortised cost		
Fixed Deposits with Banks	150.86	132.10
Interest on loans	129.50	-
Others	12.18	1.79
Rent Income	51.56	16.50
Export Incentives	32.45	90.60
Dividend Income	0.70	-
Gain on Financial Instruments measured at fair value through profit or loss	442.30	47.05
Miscellaneous Income	2.88	9.13
<b>Total</b>	<b>822.43</b>	<b>297.17</b>

### NOTE: 30 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Closing Inventories</b>		
Finished Goods	12.77	95.17
Work-in-Progress	5,694.87	4,465.17
	<b>5,707.64</b>	<b>4,560.34</b>
<b>Opening Inventories</b>		
Finished Goods	95.17	396.82
Work-in-Progress	4,465.17	4,072.33
Stock in Trade	-	34.37
	<b>4,560.34</b>	<b>4,503.52</b>
<b>(Increase) in Inventories</b>	<b>(1,147.30)</b>	<b>(56.82)</b>

### NOTE: 31 EMPLOYEE BENEFITS EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries, Wages & Allowances	2,053.77	1,347.71
Contribution to Provident and Other Funds	53.66	36.78
Welfare and Other Amenities	79.63	96.80
<b>Total</b>	<b>2,187.06</b>	<b>1,481.29</b>

#### 31.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>(a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under</b>		
Employer's Contribution to Provident Fund and ESIC	23.01	6.75

#### (b) Defined Benefit Plan - Funded

The employees' Gratuity Fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 31 EMPLOYEE BENEFITS EXPENSES (CONTD...)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
<b>Actuarial Assumptions</b>		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	9.00%
Discount rate	7.39%	6.84%
Withdrawal Rate	11.00%	11.00%
<b>Movement in present value of Defined Benefit Obligation</b>		
Defined Benefit Obligations at the beginning of the year	153.99	134.13
Current Service Cost	19.37	20.37
Interest Cost	10.53	9.54
Actuarial Loss	8.13	1.05
Benefits Paid	(3.63)	(11.10)
Liability Transferred In/ Acquisitions	62.12	-
<b>Defined Benefit Obligations at the end of the year</b>	<b>250.51</b>	<b>153.99</b>
<b>Movement in present value of plan assets</b>		
Fair value at the beginning of the year	-	-
Employer Contribution	25.10	-
<b>Fair value at the end of the year</b>	<b>25.10</b>	<b>-</b>
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current Service Cost	19.37	20.37
Interest on Defined Benefit Obligations	10.53	9.54
<b>Total included in "Remuneration and Benefits to Employees"</b>	<b>29.90</b>	<b>29.91</b>
<b>Amount recognised in Other Comprehensive Income</b>		
<b>Components of Actuarial (gain)/loss on obligations</b>		
Due to changes in financial assumptions	(8.68)	1.26
Due to changes in demographic assumptions	-	(8.25)
Due to experience adjustments	16.81	8.04
<b>Total</b>	<b>8.13</b>	<b>1.05</b>

### (c) Fair Value of assets

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
Life Insurance Corporation of India	25.10	-

### (d) Net Liability recognised in balance sheet

Particulars	Gratuity (Funded)	Gratuity (Unfunded)
	As at March 31, 2023	As at March 31, 2022
Present Value of Obligations at the end of the year	250.51	153.99
Less : Fair Value of Plan Assets at the end of the year	25.10	-
<b>Net Liability recognised in balance sheet</b>	<b>225.41</b>	<b>153.99</b>

(e) The estimate of rate of escalation in Salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 31 EMPLOYEE BENEFITS EXPENSES (CONTD...)

#### 31.2 Sensitivity Analysis

Particulars	As at March 31, 2023	As at March 31, 2022
	Effect on Gratuity Increase / (Decrease)	Effect on Gratuity Increase / (Decrease)
Discount Rate + 100 basis points	(14.40)	(9.16)
Discount Rate - 100 basis points	16.09	10.37
Salary Escalation Rate + 100 basis points	15.76	11.37
Salary Escalation Rate - 100 basis points	(14.23)	(10.36)
Withdrawal Rate+100 basis points	(2.29)	(1.69)
Withdrawal Rate-100 basis points	2.51	1.86

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the Projected Unit Credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

#### 31.3 Expected payments towards contributions to Gratuity in future years :

Year Ended	Expected Payment
31st March, 2023	36.99
31st March, 2024	24.74
31st March, 2025	27.90
31st March, 2026	25.28
31st March, 2027	22.56
31st March, 2028 and above	313.92

#### 31.4 Risk exposures

These plans typically expose the company to actuarial risks as, Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

##### Salary Risk

Salary escalation & attrition rate are considered as advised by the Holding Company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

##### Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

##### Employee Turnover rate/Withdrawal rate

If the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the liability.

##### Mortality / Disability

Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

##### Details of Asset-Liability Matching Strategy:

Gratuity benefits liabilities of the Holding Company are Funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Holding Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which are regulated by IRDA. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

The expected payments towards contributions to the defined benefit plan is within one year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 32 FINANCE COSTS

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest Expenses on Financial Liabilities measured at amortised cost	498.18	651.28
Interest Expenses on Lease Liabilities	-	1.15
Other Borrowing Costs (Refer Note No. 32.1)	173.50	130.61
<b>Total</b>	<b>671.68</b>	<b>783.04</b>

**32.1** Above includes Interest of ₹ 63.89 lakhs (March 31, 2022: ₹ 58.12 Lakhs) on late payment of Advance Tax.

## NOTE: 33 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	982.28	958.75
Depreciation of Investment Property (Refer Note No. 3)	85.98	28.66
Amortisation of Intangible Assets (Refer Note No. 4)	58.98	54.92
<b>Total</b>	<b>1,127.24</b>	<b>1,042.33</b>

## NOTE: 34 OTHER EXPENSES

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>MANUFACTURING EXPENSES</b>		
Consumables, Stores and Spares Consumed	323.04	706.68
Power and Fuel	328.32	286.89
Labour Charges	278.49	501.70
Repairs and Maintenance - Others	159.80	61.21
Job Processing charges	158.32	174.63
Other Manufacturing Expenses	94.26	84.51
	<b>1,342.23</b>	<b>1,815.62</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Business Promotion	162.21	55.34
Packing & Forwarding Expenses	25.33	25.17
Freight Outward	36.10	50.55
Design & Development Charges	15.35	1.59
	<b>238.99</b>	<b>132.65</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Insurance	40.22	36.46
Rent	57.94	38.46
Rates and Taxes	549.97	30.00
Printing and Stationery	21.61	18.31
Communication Expenses	8.57	8.12
Travelling and Conveyance	418.84	221.20
Legal and Professional Charges	186.00	115.12
Payment to Auditors (Refer Note No. 34.1)	74.90	67.40
Security Expenses	22.11	24.55
Office Expenses	59.95	66.65
Director Sitting fees	28.00	30.50

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 34 OTHER EXPENSES (CONTD...)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Postages and Courier	33.54	36.83
Miscellaneous Expenses	195.64	108.28
	<b>1,697.29</b>	<b>801.88</b>
<b>OTHER EXPENSES</b>		
Bank Charges	103.32	58.30
Bad Debts / Advances written off (Net)	91.20	234.16
(Reversal)/ Provision for Credit Impaired	(10.35)	48.17
Provision for Expected Credit Loss	163.58	147.91
Donation	12.81	5.61
Corporate Social Responsibility Expenditure (Refer Note No. 38)	61.25	48.03
Loss on sale/ discard of Assets (Net)	6.31	5.53
Loss on Foreign Currency Fluctuations (Net)	36.47	3.07
Late Delivery charges	102.06	113.00
	<b>566.65</b>	<b>663.78</b>
<b>Total</b>	<b>3,845.16</b>	<b>3,413.93</b>

### 34.1 Break-up of Payment to Auditors :

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
For Statutory Audit	43.77	39.06
For Quarterly Review Fees	17.50	17.50
For Tax Audit	9.00	9.00
For Certification charges	4.20	1.40
For Reimbursement of Expenses	0.43	0.44
<b>Total</b>	<b>74.90</b>	<b>67.40</b>

## NOTE: 35 EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Basic Earnings Per Share</b>		
Profit for the Year	3,605.86	2,707.73
Weighted average number of Equity Shares (Nos.)	3,90,00,061	3,47,95,258
Basic Earnings Per Share of ₹10/- each	9.25	7.78
<b>Diluted Earnings Per Share</b>		
Amount available for calculation of Diluted EPS	3,605.86	2,707.73
Weighted average number of Equity Shares (Nos.)	3,90,00,061	3,47,95,258
Add : Potential number of Equity Shares	-	-
No. of shares used for calculation of Diluted EPS	3,90,00,061	3,47,95,258
Diluted Earnings Per Share of ₹10/- each	9.25	7.78

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 36 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Contingent Liabilities (to the extent not provided for) Claims against the Company not acknowledged as debts</b>		
<b>I Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)</b>		
INCOME TAX*	86.44	86.44
GST	15.16	-
CUSTOMS ACT	16.54	12.00
<b>II GUARANTEES</b>		
Guarantees given by the Company's Bankers (Bank guarantees are provided under contractual / legal obligation)	9,999.25	1,987.03
<b>III LETTER OF CREDIT OUTSTANDING</b>		
Letters of Credit opened in favour of Suppliers (Cash flow is expected on receipt of material from suppliers)	154.60	392.70
<b>B. Capital Commitments :</b>		
Estimated amount of contracts to be executed on capital account not provided for	834.83	232.72
Commitment towards EPCG License	296.12	349.69

\*During the FY 2020-21, Holding Company has received the assessment order u/s 143(3) from the Income Tax department, however since there were errors in the said order, the Company has filed the rectification application under section 154 of the Income Tax Act, 1961, accordingly no contingent liability disclosed for the same.

C. Management is of the view that the above litigation will not impact significantly the financial position of the group.

## NOTE: 37 RELATED PARTY DISCLOSURES

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reporting year, are as detailed below:

### List of Related Parties :

#### I Associate

- i Krasny Paras Defence Technologies Private Limited

#### II Key Managerial Personnel

- i Mr. Sharad Shah (Non-Executive Director)
- ii Mr. Munjal Sharad Shah (Managing Director)
- iii Mrs. Shilpa Amit Mahajan (Whole-time Director)
- iv Mr. Harsh Bhansali (Chief Financial Officer)
- v Mr. Ajit Sharma (till December 17, 2022)
- vi Mr. Hemalkumar Hiranbhai Sagalia (w.e.f March 29, 2023)

#### III Key Managerial Personnel Relatives

- i Mrs. Ami Munjal Shah
- ii Mrs. Niranjana Shah
- iii Mrs. Kaajal Bhansali
- iv Mr. Anish Mehta
- v Mr. Amit Mahajan

#### IV Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :

- i Defspace Technologies Private Limited
- ii Drona Studios Private Limited

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 37 RELATED PARTY DISCLOSURES (CONTD...)

### A Transactions with Related Parties :

Nature of Transactions	Name of the Related Parties	2022-23	2021-22
<b>Transactions with Associate Company:</b>			
<b>Purchase of Investment</b>		47.50	4.75
<b>Lease Rent Deposits Received</b>	Krasny Paras Defence Technologies	0.75	-
<b>Income - Lease Rent</b>	Private Limited	2.16	-
<b>Reimbursement of expenses on their behalf</b>		1.20	-
<b>Transactions with other Related Parties:</b>			
<b>Director Sitting Fees</b>	Mr. Sharad Shah	6.00	6.50
	Mr. Munjal Sharad Shah	69.00	60.00
	Mrs. Shilpa Amit Mahajan	24.45	16.04
<b>Managerial Remuneration</b>	Mr. Harsh Bhansali	36.83	24.19
	Mr. Ajit Sharma	10.40	13.50
	Mr. Hemalkumar Hiranbhai Sagalia	0.15	-
	Mrs. Kaajal Bhansali	33.00	24.85
<b>Salary to relatives</b>	Mrs. Ami Munjal Shah	41.00	36.00
	Mr. Amit Mahajan	24.86	16.40
	Mr. Anish Mehta	29.18	21.15
<b>Rent Expense</b>	Mr. Munjal Sharad Shah	6.00	5.10
<b>Lease Rent</b>		3.00	0.25
<b>Lease Rent Deposits Received</b>	Defspace Technologies Private Limited	-	0.50
<b>Interest on Loan Taken</b>		1.30	-
	Mr. Munjal Sharad Shah	82.45	1,466.35
<b>Loans Taken</b>	Mr. Amit Mahajan	10.00	-
	Defspace Technologies Private Limited	100.00	-
	Mr. Munjal Sharad Shah	72.85	2,371.27
<b>Loans Repaid</b>	Mr. Amit Mahajan	10.00	-
	Defspace Technologies Private Limited	100.00	-
<b>Sales</b>	Drona Studios Private Limited	-	68.30

### B Balances with Related Parties:

Name of the Related Parties	As at March 31, 2023	As at March 31, 2022
<b>Balances with Associate Company:</b>		
<b>Investment</b>		
Krasny Paras Defence Technologies Private Limited	52.25	4.75
<b>Security Deposits (Current Financial Liabilities)</b>		
Krasny Paras Defence Technologies Private Limited	0.75	-
<b>Balance with other Related Parties:</b>		
<b>Current-Borrowings - Loan</b>		
Mr. Munjal Sharad Shah	15.10	5.50
<b>Other Payable (Rent Payable)</b>		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 37 RELATED PARTY DISCLOSURES (CONTD...)

Name of the Related Parties	As at March 31, 2023	As at March 31, 2022
Mr. Munjal Sharad Shah	0.45	0.45
<b>Other Payables (Salary &amp; Director Sitting Fees Payable)</b>		
Mr. Munjal Sharad Shah	-	2.24
Mrs. Ami Munjal Shah	-	2.40
Mrs. Shilpa Mahajan	0.27	1.30
Mr. Harsh Bhansali	-	0.03
Mrs. Kaajal Bhansali	-	0.50
Mr. Amit Mahajan	0.86	1.25
Mr. Anish Mehta	0.07	0.15
Mr. Ajit Sharma	-	1.03
Mr. Sharad Virji Shah	-	0.45
Mr. Hemalkumar Hiranbhai Sagalia	1.03	-
<b>Trade Receivable</b>		
Drona Studios Private Limited	-	54.28
<b>Security Deposits (Current Financial Liabilities)</b>		
Defspace Technologies Private Limited	0.50	0.50
<b>Other Receivable</b>		
Defspace Technologies Private Limited	-	0.30

### C. Compensation to Key Management Personnel of the Company

	2022-23	2021-22
<b>Nature of transaction</b>		
Short-term employee benefits	140.83	113.73
Post-employment benefits	(1.22)	3.76
<b>Total compensation to Key Management Personnel</b>	<b>139.61</b>	<b>117.49</b>

## NOTE: 38 EXPENDITURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH SCHEDULE VII.

- a. CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Holding Company during the year is ₹ 53.37 lakhs (March 31, 2022 : ₹ 47.34 lakhs)
- b. Expenditure incurred related to Corporate Social Responsibility is ₹ 61.25 Lakhs (March 31, 2022 : ₹ 48.03 Lakhs)
- c. Amount shortfall ₹ Nil (March 31, 2022: ₹ Nil)

### Details of Expenditure incurred towards CSR given below:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Environmental Sustainability and Animal Welfare	21.25	46.76
Health Care, Sanitation and providing Drinking Water (Refer Note no 38.1 )	40.00	1.27
<b>Total</b>	<b>61.25</b>	<b>48.03</b>

- 38.1** During the year, the Holding company has contributed ₹ 61.25 lakhs to charitable trusts, which has provided a certificate stating that entire amount of ₹ 61.25 lakhs was utilised towards its objects.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE:39 FAIR VALUES

### 39.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and liabilities that are recognised in the financial statements.

#### a) Financial Assets / Liabilities measured at Fair Value:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets designated at Fair Value through profit and loss:-</b>		
- Investments	1,111.89	347.58

#### b) Financial Assets / Liabilities designated at Amortised Cost:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets :</b>				
<b>Financial Assets designated at Amortised Cost:-</b>				
- Trade Receivables	15,031.09	15,031.09	12,297.74	12,297.74
- Cash and cash equivalents	1,710.73	1,710.73	217.97	217.97
- Bank Balance other than Cash and Cash Equivalents	2,316.83	2,316.83	7,376.10	7,376.10
- Loans	1,146.20	1,146.20	6.63	6.63
- Others	1,266.48	1,266.48	322.88	322.88
<b>Total</b>	<b>21,471.33</b>	<b>21,471.33</b>	<b>20,221.32</b>	<b>20,221.32</b>
<b>Financial Liabilities :</b>				
<b>Financial Liabilities designated at Amortised Cost:-</b>				
- Borrowings	1,462.11	1,462.11	3,107.95	3,107.95
- Trade Payable	2,611.87	2,611.87	1,527.20	1,527.20
- Other Financial Liabilities	483.22	483.22	367.98	367.98
<b>Total</b>	<b>4,557.20</b>	<b>4,557.20</b>	<b>5,003.13</b>	<b>5,003.13</b>

### 39.2 Fair Valuation techniques used to determine Fair Value

The Group maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

- Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current Loans, Current Borrowings, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of Non-Current Borrowings and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.
- The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE:39 FAIR VALUES (CONTD...)

### 39.3 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

- i) **Level 1 :** Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.
- ii) **Level 2 :** Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Group specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- iii) **Level 3 :** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Group's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

Particulars	As at March 31, 2023		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
<b>Financial Assets designated at Fair Value through profit and loss:-</b>			
Investments in Equity of Co-operative Bank	-	-	# 27.01
Investment in Equity Shares	-	-	784.88
Investment in 0.01% Optionally Convertible Preference Shares	-	-	300.00

Particulars	As at March 31, 2022		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
<b>Financial Assets designated at Fair Value through profit and loss:-</b>			
Investments in Equity of Co-operative Bank	-	-	# 5.00
Investment in Equity Shares & 0% Optionally Convertible Security	-	-	342.58

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2023 and March 31, 2022

Particulars	As at March 31, 2023	Valuation Technique	Input used
<b>Financial Assets designated at fair value through profit and loss:-</b>			
- Investment in unlisted equity shares	784.88	Based on professional valuer's certificate	Market approach- Comparable Transactions Multiple Method
- Investment in 0.01% Optionally Convertible Preference Shares	300.00	Based on professional valuer's certificate	Enterprises Value/ discounted cash flow

Particulars	As at March 31, 2022	Valuation Technique	Input used
<b>Financial Assets designated at fair value through profit and loss:-</b>			
- Investment in unlisted equity shares & 0% Optionally Convertible Security	342.58	Based on professional valuer's certificate	Enterprises Value/ revenue Multiple Method

# since the investments under level 3 of the fair value hierarchy as at March 31, 2023 and March 31, 2022 category are not material, therefore the disclosure for the same is not given.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Group is exposed to market risk, credit risk, liquidity risk and competition & price risk. Risk management is carried out by the Group under policies approved by the Respective Board of Directors. This Risk management plan defines how risks associated with the Group will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored by respective Company in the Group. The basic objective of risk management plan is to implement an integrated risk management approach to ensure all significant areas of risks are identified, understood and effectively managed, to promote a shared vision of risk management and encourage discussion on risks at all levels of the organization to provide a clear understanding of risk / benefit trade-offs, to deploy appropriate risk management methodologies and tools for use in identifying, assessing, managing and reporting on risks, and to determine the appropriate balance between cost and control of risk and deploy appropriate resources to manage/optimize key risks. Activities are developed to provide feedback to management and other interested parties (e.g. Audit committee, Board etc.). The results of these activities ensure that risk management plan is effective in the long term.

### 40.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2023 and March 31, 2022

#### (a) Foreign Currency Exchange Risk and Sensitivity

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Group's operating activities and its Investment. The Group transacts business primarily in USD and Euro. The Group has foreign currency trade payables and receivables and is therefore, exposed to foreign currency exchange risk. The Group regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

The following table demonstrates the sensitivity in the USD, GBP, SGD and Euro to the Indian Rupee with all other variables held constant. The impact on the Group's profit before tax (PBT) due to changes in the fair values of monetary assets and liabilities is given below:

Unhedged Foreign currency exposure As at March 31, 2023	Currency	Amount in FC	Amount in INR
Investment	USD	9,54,642	784.88
Trade Receivable	USD	15,18,432	1,248.41
Trade Receivable	EURO	2,14,422	192.14
Trade Payable	USD	22,01,282	1,809.83
Trade Payable	EURO	1,82,949	163.94
Trade Payable	GBP	23,098	23.53

Unhedged Foreign currency exposure As at March 31, 2022	Currency	Amount in FC	Amount in INR
Investment	USD	4,51,908	342.58
Trade Receivable	USD	8,65,930	656.43
Trade Receivable	EURO	4,13,931	350.44
Trade Receivable	USD	15,23,924	1,155.24
Trade Payable	EURO	47,285	40.03
Trade Payable	GBP	17,871	17.79
Trade Payable	SGD	10,248	5.74



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD...)

### Foreign Currency Sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on Profit Before Tax (PBT):-

Particulars	2022-23		2021-22	
	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)
USD	4.47	(4.47)	(3.12)	3.12
EURO	0.56	(0.56)	6.21	(6.21)
GBP	(0.47)	0.47	(0.36)	0.36
SGD	-	-	(0.11)	0.11
<b>Increase / (Decrease) in Profit Before Tax</b>	<b>4.56</b>	<b>(4.56)</b>	<b>2.62</b>	<b>(2.62)</b>

### (b) Interest Rate Risk and Sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is having non current borrowings in the form of term loan. Also, the Group is having current borrowings in the form of working capital and inter corporate deposits. There is a fixed rate of interest in case of vehicle loan and inter corporate deposits and hence, there is no interest rate risk associated with these borrowings. The Group is exposed to interest rate risk associated with term loan and working capital facility due to floating rate of interest.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting year are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Term Loan From Banks and Financial Institutions	115.11	-
Working Capital Facility	721.92	3,044.25
<b>Closing Balances</b>	<b>837.03</b>	<b>3,044.25</b>

The table below illustrates the impact of a 2% increase / decrease in interest rates on interest on financial liabilities assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year.

Particulars	2022-23		2021-22	
	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)
Term Loan From Banks and Financial Institutions	2.30	(2.30)	-	-
Working Capital Facility	14.44	(14.44)	60.89	(60.89)
<b>(Increase) / Decrease in Profit Before Tax</b>	<b>16.74</b>	<b>(16.74)</b>	<b>60.89</b>	<b>(60.89)</b>

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### 40.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

#### a) Trade Receivables:

The Group measures the expected credit loss of trade receivables, which are subject to credit risk, based on historical trend, industry practices and the business environment in which the entity operates and adjusted for forward looking information. Loss rates are based on actual credit loss experience and past trends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD...)

The Group has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix taken into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

The following table summarizes the Gross carrying amount of the trade receivables and provision made.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	15,996.15	965.06	13,108.68	810.94

The following table summarizes the changes in the Provisions made for the receivables:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening Balances</b>	810.94	614.70
Provided during the year	154.12	196.24
<b>Closing Balances</b>	<b>965.06</b>	<b>810.94</b>

### b) Financial Instruments and Cash Deposits:-

The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Credit risk from balances with bank is managed by the Group's finance department. Investment of surplus funds are also managed by finance department. The Group does not maintain significant cash in hand. Excess balance of cash other than those required for its day to day operations is deposited into the bank.

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

### 40.3 Liquidity Risk :

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group relies on short term borrowings and operating cash flows in the form of working capital facility to meet its need for fund. The Group does not breach any covenants wherever applicable on any of its borrowing facilities. The Group has access to a sufficient variety of sources of funding as per requirements.

The below table summaries the maturity profile of the Group's financial liability :

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
<b>March 31, 2023</b>					
Term Loan from Bank	-	20.53	94.58	-	115.11
Short Term Borrowings	1,347.00	-	-	-	1,347.00
Trade Payable	-	2,611.87	-	-	2,611.87
Other Financial Liabilities	-	483.22	-	-	483.22
<b>Total</b>	<b>1,347.00</b>	<b>3,115.62</b>	<b>94.58</b>	<b>-</b>	<b>4,557.20</b>
<b>March 31, 2022</b>					
Short Term Borrowings	3,049.75	58.20	-	-	3,107.95
Trade Payable	-	1,527.20	-	-	1,527.20
Other Financial Liabilities	-	357.93	-	10.05	367.98
<b>Total</b>	<b>3,049.75</b>	<b>1,943.33</b>	<b>-</b>	<b>10.05</b>	<b>5,003.13</b>

### 40.4 Competition and Price Risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 41 CAPITAL RISK MANAGEMENT

For the purpose of Group's capital management, capital includes issued capital, all other equity reserves and net debt. The primary objective of the Group's capital management is to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using gearing ratio, which is net debt divided by total capital (equity plus net debt). Net debt are non-current and current debts as reduced by cash and cash equivalents and non current bank deposits. Equity comprises all components including other comprehensive income.

Particulars	March 31, 2023	March 31, 2022
Total Debt	1,462.11	3,107.95
Less: Cash and cash equivalent	1,710.73	217.97
Less: Non current Bank Deposits	163.46	62.88
<b>Net Debt</b>	<b>(412.08)</b>	<b>2,827.10</b>
Equity	41,324.97	37,815.54
<b>Total Capital (Equity + Net Debt)</b>	<b>40,912.89</b>	<b>40,642.64</b>
<b>Gearing ratio</b>	<b>NA</b>	<b>6.96%</b>

## NOTE: 42 SEGMENT REPORTING

### A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

As per Indian Accounting Standard 108 'Operating Segments', the chief operating decision maker of the Company has identified following reportable segments of its business:

- (i) Heavy Engineering
- (ii) Defence & Space Optics
- (iii) Defence Electronics

### I Segment wise Revenue

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Segment Revenue</b>		
a. Heavy Engineering	6,882.31	4,185.58
b. Defence & Space Optics	7,135.72	9,237.22
c. Defence Electronics	8,224.56	4,833.44
<b>Revenue From Operations</b>	<b>22,242.59</b>	<b>18,256.24</b>
<b>Segment Results</b>		
a. Heavy Engineering	1,956.68	530.98
b. Defence & Space Optics	3,941.08	5,085.32
c. Defence Electronics	1,582.82	676.26
<b>Total</b>	<b>7,480.58</b>	<b>6,292.56</b>
i) Finance Costs	(671.68)	(783.04)
ii) Other unallocable expenditure	(2,933.70)	(2,148.96)
iii) Unallocable Income	822.43	297.17
iv) Share of loss of Associates	(13.13)	(0.42)
<b>Profit before exceptional items and Tax</b>	<b>4,684.50</b>	<b>3,657.31</b>
Exceptional items	-	-
<b>Profit Before Tax</b>	<b>4,684.50</b>	<b>3,657.31</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 42 SEGMENT REPORTING (CONTD...)

#### II Segment wise Assets and Liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Segment Assets</b>		
a. Heavy Engineering	11,925.66	9,806.15
b. Defence & Space Optics	19,184.16	18,093.46
c. Defence Electronics	10,694.20	6,293.15
d. Unallocable	10,250.06	11,574.94
<b>Total</b>	<b>52,054.08</b>	<b>45,767.70</b>
<b>Segment Liabilities</b>		
a. Heavy Engineering	736.95	181.36
b. Defence & Space Optics	822.71	719.00
c. Defence Electronics	4,163.03	645.77
d. Unallocable	4,986.01	6,368.61
<b>Total</b>	<b>10,708.70</b>	<b>7,914.74</b>

#### III Other Informations

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Capital Expenditure	2,532.63	860.46
Depreciation	1,127.24	1,042.33
Non-cash Expenses other than Depreciation	250.74	430.24

#### B. Segment Identification, Reportable Segments and definition of each segment :

##### a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

##### b. Primary / Secondary Segment Reporting Format:

- i. The risk-return profile of the group's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.
- ii. Revenue disaggregation by geography (Refer Note No. 28.2)
- iii. No Non-Current Assets of the Group is located outside India as on March 31, 2023 and March 31, 2022

#### IV Segment Composition:

- a. Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes , Submarine periscope, Electromechanical assemblies and Turnkey projects.
- b. Defence & Space Optics Segment comprises of manufacturing and sale of Infra Red Lenses for Night Vision Devices, Space Optics/Gratings/Mirrors, integrated opto mechanical Assemblies and Precision Diamond Turned components.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

**NOTE: 42 SEGMENT REPORTING (CONTD...)**

- c. Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles, EMP Solutions and Aerospace subsystems and accessories.
- D. Unallocated:- Consists of other income, expenses, assets and liabilities which can not be directly identified to any of the above segments.

**V Segment revenue, results, assets and liabilities:**

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes Property, Plant and Equipement , trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

**VI Information about major customers:**

Revenue from operations include ₹ 10,674.78 Lakhs, (March 31, 2022 : ₹ 6,386.51 Lakhs) from three customers (March 31, 2022: two customers) having more than 10% of the total revenue.

**NOTE: 43 ASSETS HELD FOR SALE**

Description of the assets held for sale	As at March 31, 2023	As at March 31, 2022
Flat - Guest House	-	151.00
<b>Total</b>	<b>-</b>	<b>151.00</b>

**NOTE: 44 INTERESTS IN OTHER ENTITIES**

44.1 The consolidation of financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal Place of Business	% Equity interest	
		As at March 31, 2023	As at March 31, 2022
<b>A Indian subsidiaries</b>			
Paras Aerospace Private Limited	India	60.00%	60.00%
Paras Green Optics Private Limited	India	100.00%	100.00%
Paras Anti-Drone Technologies Private Limited	India	55.00%	55.00%
Ayatti Innovative Private Limited	India	58.02%	-
<b>B Overseas Subsidiary</b>			
OPEL Technologies Pte. Ltd.	Singapore	100%	100%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 44 INTERESTS IN OTHER ENTITIES (CONTD...)

44.2 The consolidation of financial statements of the Group includes Associate listed in the table below:

Name	Principal Place of Business	% Equity interest	
		As at March 31, 2023	As at March 31, 2022
Krasny Paras Defence Technologies Private Limited	India	47.50%	47.50%

The summarised financial information below represents amount shown in associate financial statements prepared as per equity accounting purposes.

Particulars	As at March 31, 2023	As at March 31, 2022
Current Assets	69.37	9.53
Current Liabilities	29.28	0.42
<b>Net Current Assets/(Liabilities)</b>	<b>40.09</b>	<b>9.12</b>
Non-Current Assets	42.57	-
Non-Current Liabilities	1.18	-
<b>Net Non-Current Assets</b>	<b>41.39</b>	<b>-</b>

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue	41.64	-
Profit/(Loss) for the Year	(27.65)	(0.88)
Other Comprehensive Income	-	-
Total Comprehensive Income	(27.65)	(0.88)

Reconciliation of the above summarised financial information to the carrying amount of interest in Krasny Paras Defence Technologies Private Limited recognised in the Consolidated Financial Statements

Particulars	As at March 31, 2023	As at March 31, 2022
Net Assets of the Associate	81.48	9.12
Proportion of the Group's ownership interest in Krasny Paras Defence Technologies Private Limited	47.50%	47.50%
<b>Carrying amount of the Group's interest in Krasny Paras Defence Technologies Private Limited</b>	<b>38.70</b>	<b>4.33</b>

Reconciliation to carrying amounts

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net assets	4.33	-
Loss for the year	(13.13)	(0.42)
Other comprehensive income	-	-
Investment	47.50	4.75
<b>Closing net assets</b>	<b>38.70</b>	<b>4.33</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

## NOTE: 45 PROVISION

**Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":**
**Movement in provisions:**

Nature of provision	Provision for Expected Credit loss on Trade Receivables	Provision for Credit Impaired	Total
<b>As at April 01, 2021</b>	<b>614.70</b>	<b>-</b>	<b>614.70</b>
Provision during the Year	148.07	48.17	196.24
<b>As at March 31, 2022</b>	<b>762.77</b>	<b>48.17</b>	<b>810.94</b>
Provision during the Year	164.47	-	164.47
Provision Reversed during the Year	-	(10.35)	(10.35)
<b>As at March 31, 2023</b>	<b>927.24</b>	<b>37.82</b>	<b>965.06</b>

## NOTE : 46 DISCLOSURES MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION - MARCH 31, 2023

Name of the entity	As at March 31, 2023		For the Year ended March 31, 2023					
	Net assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of net consolidated net assets	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount
<b>Parent</b>								
Paras Defence and Space Technologies Limited	99.97%	41,313.00	99.64%	3,592.82	-100%	(6.08)	99.47%	3,586.74
<b>Indian subsidiaries</b>								
Paras Aerospace Private Limited	0.25%	102.09	0.38%	13.83	-	-	0.38%	13.83
Paras Green Optics Private Limited	0.01%	2.36	0.01%	0.48	-	-	0.01%	0.48
Paras Anti- Drone Technologies Private Limited	0.04%	18.15	0.38%	13.54	-	-	0.38%	13.54
Ayatti Innovative Private Limited	-0.16%	(68.13)	-1.55%	(55.85)	-	-	-1.55%	(55.85)
<b>Indian Associate</b>								
Krasny Paras Defence Technologies Private Limited	-	-	-0.36%	(13.13)	-	-	-0.36%	(13.13)
<b>Overseas subsidiary</b>								
OPEL Technologies Pte. Ltd.	0.26%	108.24	1.17%	42.35	-	-	1.17%	42.35
Non Controlling Interest	-0.05%	(20.41)	0.33%	11.82	-	-	0.33%	11.82
Adjustments arising out of Consolidation	-0.32%	(130.33)	0.00%	-	100%	6.08	0.17%	6.08
	<b>100.00%</b>	<b>41,324.97</b>	<b>100.00%</b>	<b>3,605.86</b>	<b>0.00%</b>	<b>-</b>	<b>100.00%</b>	<b>3,605.86</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

### NOTE: 47 BUSINESS COMBINATION

#### Acquisition during the year ended March 31, 2023

##### Summary of acquisition

In connection with acquisition of stake in Ayatti Innovative Private Limited incorporated in India. (The entity is engaged in manufacturing, processing of iron, Mild Steel, Stainless Steel Fabrication, handling and assembly work procuring and in the manufacturing of steel parts of train coaches and benches). The said Company have become subsidiary of the Company.

##### Purchase Consideration

During the year, Paras Defence and Space Technologies Limited has acquired 52.97 % stake in Ayatti Innovative Private Limited for a consideration of ₹ 570.00 Lakhs by acquiring 12,39,128 shares for an Issue Price of ₹ 46 per share (Face Value ₹ 10 each) from the selling shareholders. Hence, Ayatti Innovative Private Limited being a Subsidiary of the Company with effect from October 06, 2022. The Holding Company further acquired shares of Ayatti Innovative Private Limited resulting into a total investment of ₹ 699.20 Lakhs i. e 15,20,000 shares at an Issue Price of ₹ 46 each by virtue of which Holding Company stake increased to 58.02 % .

##### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Ayatti Innovative Private Limited as at the date of acquisition were:

Particulars	Fair Value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	373.07
Other Non Current Financial Assets	3.90
Non Current tax assets	0.64
Other Non Current Assets	30.18
Trade receivable	84.79
Cash and cash equivalents	26.17
Other Bank Balances	0.52
Other current assets	164.63
Deferred tax assets	0.53
	<b>684.43</b>
<b>Liabilities</b>	
Borrowings	714.26
Trade payable	56.11
Current financial liabilities	17.72
Other current liabilities	37.17
	<b>825.26</b>
<b>Net identifiable assets at fair value</b>	<b>(140.83)</b>

##### Calculation of Goodwill

Particulars	Fair Value recognised on acquisition
Consideration transferred	570.00
Less:- Net Identifiable assets acquired	(74.60)
<b>Goodwill</b>	<b>644.60</b>

The Holding Company has identified and recognised Goodwill of ₹ 644.60 Lakhs which has been shown under the head of Non Current Assets in compliance with the respective provisions of Ind AS 103 "Business Combination".



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** March 31, 2023

(All amounts in Rupees Lakhs, unless otherwise stated)

**NOTE: 47 BUSINESS COMBINATION (CONTD...)****Non-controlling Interest:-**

For non-controlling interest in Ayatti, the Group elected to recognise the non-controlling interest at its proportionate share of the acquired net identifiable assets.

**Purchase Consideration - Outflow of cash to acquire subsidiaries, net of cash acquired**

Particulars	
Consideration transferred	570.00
<b>Less:- Balances Acquired (Included in cash flow from investing activities)</b>	
Cash and cash equivalents	26.17
Other bank balances	0.52
<b>Net inflow of cash - Investing activities</b>	<b>543.31</b>

**NOTE : 48 OTHER STATUTORY INFORMATION**

- There are no balances outstanding on account of any transaction with companies strike off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group does not have any such transaction which is not recorded in the books of account surrendered or disclosed as income during the year in the tax assessments under the Income-tax act, 1961.
- No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Group is not declared wilful defaulter by any bank or financial institution or other lender
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(s), including entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**NOTE: 49** Previous Year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

**ANUJ BHATIA**

Partner  
Membership No. 122179

**Date: May 16, 2023**

For and on behalf of the Board of Directors

**MUNJAL SHAH**

Managing Director  
DIN: 01080863

**HARSH BHANSALI**

Chief Financial Officer

**SHARAD SHAH**

Chairman and Director  
DIN: 00622001

**HEMAL KUMAR SAGALIA**

Company Secretary  
Membership No. FCS7620



**Paras Defence & Space Technologies Limited**

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