INNOVATING FUTURE TECHNOLOGIES

ANNUAL REPORT **2020-21**

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the company scan the QR Code

Forward-Looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes, 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operations or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

India is taking rapid strides to establish its presence as a formidable force among the most powerful nations in the world. Fortifying its defence, therefore, becomes an ardent requirement – necessary to satisfy many of its growth ambitions. To fulfil these aspirations, Paras Defence continues to diversify its product offerings to meet the evolving demands of the Defence as well as the Space sector.

We are cognizant of the continuous changes in our industry and to remain relevant we rely on our innovative capabilities to accelerate progress. Over the years, we have established our credential as a dependable partner for our clients. It is the strength of our team and our deep domain knowledge that empowers us to always stay a step ahead of competition. Blending a customer-centric approach with efficient R&D efforts, we are keen to support the government's vision of Atmanirbhar Bharat & "Make In India". Utilising our indigenous capacities, we are meeting the nation's defence & space needs to establish the foundation for a safer tomorrow.

To strengthen our position further and take Paras to newer heights of success, we now remain diligently focused on adopting advanced technologies to fulfil our endeavours of becoming a future-ready organisation.

WHERE PARAS
STANDS TODAY

Years of industry experience

40+

Key product verticals

5

Active projects

50+

Strong and active workforce

330+

Revenue, 2020-21

₹143.33Crs

PAT, 2020-21

₹15.79Crs

EBIDTA, 2020-21

₹43.40Cr

**All figures pertain to consolidated financials*

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

****PAT - Profit after tax*

KNOWING PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

Stepping into its fifth decade of existence, Paras Defence & Space Technologies Limited is one of India's leading private sector companies engaged in the Design, Development, Manufacturing, Integration, Testing and Commissioning of a wide range of defence and space engineering products and solutions.

We specialize in delivering innovative solutions for the most demanding environments.

We manufacture niche products and technologies that satisfy the most stringent requirements for product safety, performance and reliability.

We continue to prioritise investment in sustainable solutions for our customers.

Using our capabilities, global partnerships and in collaboration with our Customers, we deliver world-class Products & Technologies, which meet the toughest quality and performance requirements of Defence & Space Applications

We develop critical defence and space solutions for a safer tomorrow.

We combine people, processes and technology to achieve sustainable growth.

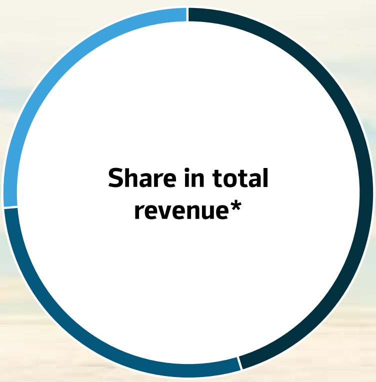
Our vision

- To serve the nation's defence, space & aerospace industry with value-added products and solutions.
- To excel in every aspect of our business with a wide range of 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.

Where we operate

Segments

We focus on primarily three Technology based Verticals – Defence and Space Optics, Defence Electronics (Including Electro - Magnetic Pulse (EMP) Solutions – delivering high precision products and complex turnkey solutions in India and selected international markets.



Defence and Space Optics	₹ **64.93** crs
Defence Electronics & Electro-Magnetic Pulse (EMP) Solution	₹ **40.62** crs
Heavy Engineering	₹ **37.78** crs

**As of 31st March 2021 consolidated financials.*

Markets

PDSTL's primary and core market is India, one of the fastest-growing economies of the world. With the defence and space sector emerging as one of the key focus areas of the government, it helps PDSTL to position itself for long-term growth through successful partnerships, strong relationships with the government and focus on improving the product portfolio. It also enhances our existing capabilities and helps us to indigenise advanced technologies from other countries.

Further, the Company has Export business with emerging nations such as USA, Israel and South Korea. The Company is also focused on developing its strategic position in the United States and Europe, where there is a strong potential of growth opportunities across different product segments.

How we operate

Manufacturing

PDSTL is one of the few manufacturers in India with a comprehensive state-of-the-art in-house capability across the value chain (from Design, Development and manufacturing) for space and defence applications. The two manufacturing facilities of the Company are located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. Both the manufacturing facilities of the Company are accredited with quality management certificates for compliance with ISO 9001:2015. Further, the Nerul facility of the Company has been recommended for AS9100D certification.

Backed by strong manufacturing capability, the Company has successfully manufactured a wide range of products for different customers. This provides the Company with the required flexibility to cater to changing demands in the market, thereby helping mitigate the risk of excessive dependence on any one product. This gives company the advantage of catering to various applications and eliminate dependency on one customer or application.

Research and development (R&D)

R&D has been a critical growth enabler for the Company and has also enabled it to emerge as a pioneer in terms of product innovation. The speed of technological development is so rapid and we, as a company, can never lose focus of our ambition to be at the technological forefront. To fulfill our customers future needs, we continue to bank on our R&D capabilities for developing newer technologies.

To emerge as a leader in defence and space technologies, the Company has established two state-of-the-art R&D centers at Nerul, Navi Mumbai in Maharashtra and Bengaluru, Karnataka, employing more than [30] personnel, to research, develop and experiment with new designs, technologies and equipment. Further, the Company regularly collaborates with renowned overseas technology companies to stay abreast with latest technology and innovations.

OUR
PORTFOLIO

Product vertical
Defence and space optics

Key portfolio
- Infrared lenses
- Diffractive gratings
- Multi-fold lenses
- Large size optics
- Metal reflectors and mirrors
- Ultra-high precision components
- Optical domes
- Gyroscope components
- Opto mechanical assemblies

Application
- Night vision devices and thermal imaging systems
- High-resolution space cameras
- Telescopes, space cameras and military cameras
- Gyroscope components for ring laser and other gyroscope systems
- Opto-mechanical assemblies for space and defence applications such as rocket and missile programs
- Close combat, point and shoot aiming sight for guns and ammunition
- Hyper-spectral imagers

Product vertical
Defence electronics

Key portfolio
- Rugged control system
- Naval and shelter mounted command and control systems
- Rugged displays for defence application
- Ruggedized commercial product
- Rugged communication systems
- Rugged consoles and wired cabinets
- Non-contact proximity sensor

Application
- Computing systems designed for automating mission-critical functions
- Machine interface systems with multiple display and high-end computing for application such as radar data processing and fire control
- Liquid crystal display monitors for defence application
- High-end compact computers with in-built display, used in Defence Electronic Warfare and Communication Projects
- High-performance, commercially-off-the-shelf communication sub-systems used in Defence projects
- Command and control systems that are custom configured to user requirements
- A non-contact electro-mechanical device used for accurate proximity sensing

Product vertical
Heavy engineering for defence

Key portfolio
- Flow Formed Motor Tubes
- Vacuum brazed cold plates
- Remotely controlled border defence system
- Titanium structures and assemblies
- Large and heavy dynamic structures with built-in automation
- Indigenously designed flow-forming machines
- Custom-built heavy-duty mechanical racks and cabinets

Application
- Manufacture of Seamless metal tubes, a key part of rocket or missile, by cold forming process
- Cooling plates for heat removal from high power electronics in an active array radar
- Front-line surveillance and defense system used in detection and neutralization of possible threats.
- Titanium based mechanical assemblies for applications such as transducer hardware for naval ships and submarines
- Heavy-duty test rigs for simulating under-water conditions and testing transducer performance
- Flow-forming machines used in the manufacture of motor tubes for defence and space applications
- Heavy-duty, mechanical racks and cabinets for rugged applications and military use

Product vertical

EMP protection solutions

Key portfolio

- Turnkey EMP shielding
- EMP racks and cabinets
- EMP filters for power and data
- Electromagnetic shielded doors and honeycomb filters
- EMP Protected Rooms and Areas

Application

- Shielding strategic facilities such as data centers, control rooms and command centers, against electro-magnetic pulses
- Certified racks and cabinets with EMP protection, used in high-end strategic applications
- Wide-range of filters for protecting data and power lines, in a facility, against electro-magnetic interference.
- Doors facilitating electro-magnetic shielding between two isolated compartments on-board naval ships or portable shelters.
- Shielded point of entry, used for protection against electro-magnetic interferences.
- Experienced in-house expertise to handle on-site installations, commissioning and testing of EMP protected sites.

Product vertical

Niche technologies

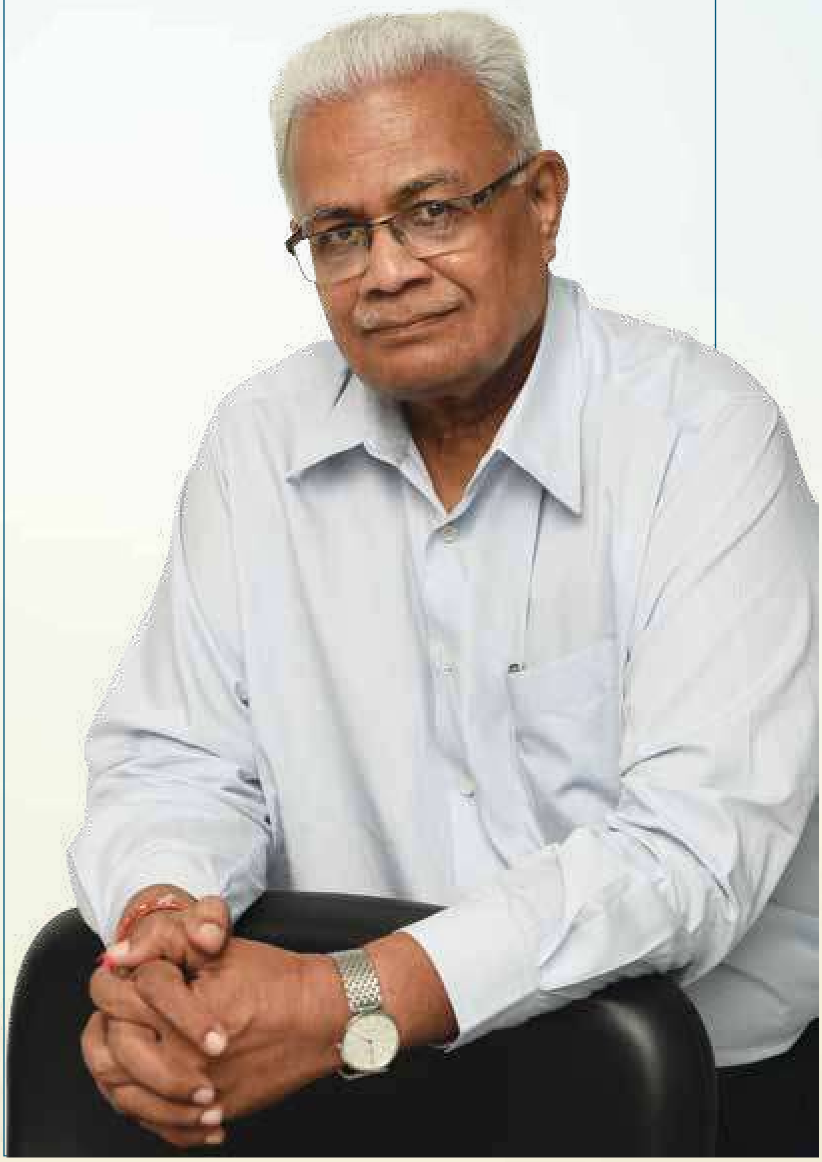
Key portfolio

- Large deployable antennas
- Carbon fibre reinforced polymer ("CFRP") structures
- Complete Avionic Suites with Auto Pilot
- Military winches
- Capsule size drones
- Turret stabilization
- CubeSats

Application

- Deployable space antennas, used to observe earth and communication satellites in the Low Earth Orbit and Geostationary orbit.
- High strength light weight carbon fiber structures for mounting critical systems such as cameras, optics, in a satellite or space mission.
- Complete avionics suites or glass cockpits, including an auto-pilot system in the cockpit of an aircraft.
- Computerized lifting systems used to pull or push heavy structures, systems, antennas, on platforms such as naval ship, submarine, armored vehicle, tank, helicopter and airplane.
- Military winches provide stability to a turret mounted tank or infantry vehicle, for a smooth taget-lock irrespective of external disturbance.

CHAIRMAN'S
MESSAGE



Dear shareholders,

It is with immense gratitude and hope that I ink this year's message. I would like to take this opportunity, on behalf of the entire team of Paras Defence & Space, to wish you and your family members a healthy and safe year ahead. As the world adjusts to life in a Covid-19 hit environment, I reflect on the past financial year with mixed feelings.

This global health crisis has seen suffering and has brought hardship for millions of people and has put considerable strain on governments, healthcare providers and business houses alike. It seems likely that we will have to contend with its economic consequences for some time to come while adapting to potentially significant changes in the ways we live and work.

Throughout this challenging year, one of our key priority was the health and safety of our people. I would like to thank each one of them for their continued hard work and dedication during these challenging times. FY21 was a year that demonstrated the underlying strength of PDSTL, and the capabilities and dedication of our outstanding people.

We ended the previous year with good momentum, as a number of improvements being made to unlock the full potential of our businesses began to take shape. However, the impact of the Covid-19 pandemic in March 2020 was both immediate and significant. Within weeks, the Indian government and many other countries across the globe had imposed a number of restrictions, impacting both supply and demand and causing substantial loss of business and temporary closedown of factories.

Through the extraordinary efforts of the whole Paras team, the

Company has been able to showcase robust and resilient performance to overcome seemingly unsurmountable vagaries and stay on the charted course. During the year, we made good progress on our key strategic initiatives and achieved another year of strong business performance. Yes, indeed, the financial numbers may not be portraying the true potential of what we are, but I believe that this year and for the next few, lets look beyond the financial numbers. We made good progress during the year on different initiatives like filing our DRHP with SEBI for our IPO, bagging our first order for a complete Hyper-Spectral Cameras for Space Applications, successful Completion of Naval Periscope for DRDO, successful development of Naval Fuze for DRDO, strengthening Order Book to the best ever till date, AS9100D Compliance for Displays and computing Systems to strengthen the business and keep the Company aligned with the government's vision of Aatmanirbhar Bharat (self-reliant India). As a result, we delivered or exceeded most of our stakeholder objectives. These would have been excellent outcomes in any year, especially a background of pandemic-driven disruptions and turmoil, we feel it was an exceptional performance. During the year, we continued to focus on the delivery of the strategy, in particular, through progress reviews of key strategic priorities such as operational excellence, growth of our international business in focused markets, expansion of our market share and improvement of our offerings in India. We utilised advanced technology to

Through the extraordinary efforts of the Paras team, the Company has been able to showcase robust and resilient performance to overcome seemingly unsurmountable vagaries and stay on the charted course.

innovate our offerings and focused on value creation with clear actions to protect margins, generate cash and deliver on our targets.

Under the current circumstances, taking a longer-term view – with our current order book, I believe we have strong visibility, and we remain well-positioned in key growth areas to support evolving priorities of our customers . We continue to increase our Investment in Technology with constant improvements in areas where we can provide effective solutions. Although the immediate future has some uncertainties due to COVID Pandemic, India is poised to remain steadfast on its growth path over the medium term, driven by the mammoth effort on the part of the government to vaccinate the entire population of India and normalise business activities.

Given the uncertainty faced by businesses across India and the globe, going forward, our primary focus is centred around improving our relevance to clients. We would, therefore, continue to innovate our product offerings, strengthen our technology quotient and prepare ourselves to capitalize on the first green shoots of recovery.

2020 was dominated by the impact of the global pandemic as we discovered new methods to improve our businesses and overcome the unprecedented challenges posed by the crisis. However, the way we have showcased resilience so far underscores the strong fundamentals of our business. We are making continual progress in fine-tuning our new ways of operating, within the new constraints of social distancing, to drive profitability. With the measures undertaken to strengthen our capabilities and accelerate growth, we rely on the dedication and innovative capacities of our people to approach the year ahead with greater confidence.

Warm regards

Sharad Shah
Chairman

Paras Defence &
Space Technologies Limited

LEGACY OF
TRANSFORMATION

Our 40+ year of history is built on the invention and development of innovative products and solutions that help us realise our vision of helping our nation emerge as an **'Atmanirbhar'** country.

1973

Paras commenced its journey with the establishment of the high precision manufacturing unit.

1973 – 1989

Diversified business in various streams for industrial defence and critical applications.

1990

Started gaining popularity in defence ans strategic markets

2000

Continued to build on its track record by expanding capabilities. PDSTL embarked in the niche area of flow forming, thus emerging as one of the most preferred Company for flow formed rocket and motor tubes in India.

2009

Paras incorporated as a limited company. Expands its horizon in exports with supplies to Israel

2011

Innovative product design and solutions helped Paras achieve a leadership position in the flow forming and titanium manufacturing market.

2013

Further enhanced the product portfolio through forward integration in segments such as electronics and integrated defence systems. Also introduced new product lines by engaging in the manufacturing of ultra-precision optics.

2015

Emerged as the single largest manufacturer of defence optics products such as night vision and thermal imaging devices with a commendable market share in India.

2016

Evolved as the largest manufacturer of tank control systems in India. Focused on vertical integration with the manufacturing of high-end imaging systems for imaging satellites.

2017

Widened PDSTL's global presence by entering some of the key global markets of Europe and Israel.

Pioneered the introduction of turnkey electromagnetic pulse protection solutions in the Indian market by venturing into the manufacturing of electromagnetic pulse protection system.

2018

Amalgamated Mechvac India Limited and Concept Shapers and Electronics Private Limited with PDSTL.

Expanded domestic presence with augmented facilities and resources at Bangalore.

Enhanced the product portfolio by foraying into manufacturing of large size space optics. This initiative helped us secure one of the biggest orders in the history of PDSTL, from ISRO, for space optics.

As part of the forward integration initiative, we entered the advanced electronics for defence electronics segment with high-performance embedded computing and software development solutions.

2019

Established the subsidiary, Paras Aerospace Private Limited, to venture into drone systems and services

Developed High performance embedded computing platform for Naval and Avionic applications

Successfully delivered first of its kind EMP racks

2020

Development of electronic time fuze

Got recommended for AS9100D certification for displays and computing systems

Develops Remote controlled Border defence system in collaboration with DRDO

OUR BUSINESS MODEL

Driving sustainability through strategic planning

INPUTS

Industry expertise: PDSTL has been operating in the Indian market for more than four decades now with its strong manufacturing capabilities.

Diverse Product Line: We offer diverse range of products to serve our consumers in India and some international markets who count on us and strive towards continuous improvement across all segments.

Durable relationship: The Company is one of the oldest and most respected private players within the Indian defence sector. We have strong, collaborative and close relationships with our customers and partners. Our business cycle is multi-year, and we seek relationships to support this, which is tuned and leveraged to cater to the Defence & Space Business Model.

Advance Manufacturing Capabilities: We have state-of-the-art manufacturing facilities that provides the highest standards of technology to drive efficiency along the value chain.

People strength: PDSTL believes, its people help the company to deliver innovative products and solutions. We strive to ensure the development and safety of our people to innovate exceptional solutions for our clients.

OUR GROWTH STRATEGY FOR DIFFERENT MARKETS

Lead and modernize the Indian defence sector, by working in partnership with the Government and prime contractors. Emerge as the leading 'Indigenously Designed Developed and Manufactured' ("IDDM") private player in India through continuous product enhancement and innovation across the product segments.

Emerge as one of the leading global companies in the defence and space sector. Gradually build PDSTL's international presence by delivering additional value to customers by developing products and solutions that not only meet client expectations but also fulfil the need to produce exclusive high quality products. Partner with some of the leading and globally renowned technology companies to enhance our technological quotient and help PDSTL serve as a manufacturing partner for fulfilling global requirements of these overseas technology companies.

Invest in knowledge and apply our inherent strengths for customer advantage across our product segments. Our strategy is to focus on innovation-driven growth across our key and niche product segments. We intend to build robust design and development capabilities through dedicated R&D initiatives, which would help us deliver new and cutting-edge products and solutions, undertake process innovation and enhance the existing portfolio.

Create a unique position in the Indian and international market by combining the dedication and creativity of our people, our strong technical knowledge and engineering expertise, and our modern facilities to equip customers with solutions that help them overcome the most pressing challenges, and provide assurance that they will work when critically needed.

HOW WE INTEND TO SUSTAIN OUR BUSINESS MODEL

Our strategic enablers allow us to continually improve our offerings to customers and efficiently deliver our strategy.

Develop knowledge base for tomorrow

Our business model is robust and sustainable because our knowledge base is constantly updated in tune with latest developments as we focus on continuous learning from our experiences, understand emerging customer requirements and invest in future technologies.

Build on our capabilities

To grow PDSTL's business, we intend to further diversify our products and solutions portfolio through dedicated R&D and by partnering with overseas technology companies with specialized technologies in the field of defence and space. This enables us to both sustain existing business growth and create new opportunities.

Invest in our facilities

Enhanced and modernized manufacturing facilities would enable us to cater to the growing demand from customers, save on cost, build our portfolio further, achieve diversification within an existing portfolio and attain higher precision levels. We are investing in our facilities to remain ahead of the rest in todays ever changing world of technology and ensure long term sustainability of our business.

Create cutting edge technology

By investing in and developing sustainable and differentiated technologies for our products and solutions across key markets and product segments, we have been successful in developing pioneer products in collaboration with our customers. We would continue to invest in market-leading technologies and robustly defend our intellectual property rights.

Invest in our people

Our people are our strength and significant stakeholders of our achievements and reputation. Our future success is primarily dependent on our ability to recruit, develop, engage and retain exceptional employees. We periodically invest in our people to support their career development, well-being and engagement and would continue to do so in future.

VALUES CREATED BY OUR BUSINESS MODEL

Financial

₹ 143.33 crore

Revenue, as of 31st March 2021

₹ 15.79 crore

PAT, as of 31st March 2021

Capital investment

Consistent Capex investment over the last five years

25+

New technologies developed in the last five years

Order book

₹ 215 crores

Total value of order book as of 31st March 2021

Revenue composition

50.8%

Govt.

16.9%

Exports

32.3%

Private Organisations

Intellectual & People

330

Employees

3+

Applied patents

120+

Engineers

CUSTOMERS

Customer Satisfaction is of the prime importance for us. We develop innovative and cutting edge technology for our customers and work closely with them towards a long term business association.

SHAREHOLDERS

Over the last five years, the company has been consistently growing its net worth and creating value for the shareholders. Profitable business, growth and impeccable business ethics are our pillars for value creation. Optimized debt-equity ratio from 0.8x to 0.6x in FY18 to FY21.

EMPLOYEES

We employ over 330 people and in the current financial year, we engage in continual training and development of our employees.

SOCIETY

We have been making a difference to the society in which we operate, to help people in the societies we operate, through various initiatives such as providing medical assistance, animal welfare and promoting traditional art, culture and community welfare. Invested ₹ 53.50 Lakhs in different CSR initiatives during the year.

GOVERNMENT

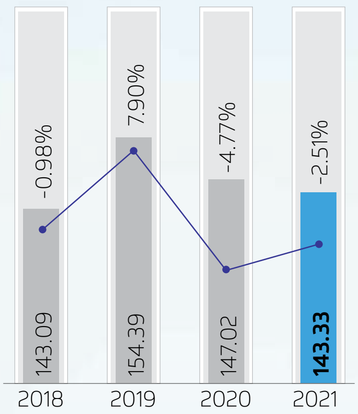
We regularly pay our social security and corporation taxes to governments in FY21. The Company's employees also paid a share of their wages and salaries to governments through income taxes.

EVALUATING
PROGRESS

Revenue growth

Revenue

₹ in crore

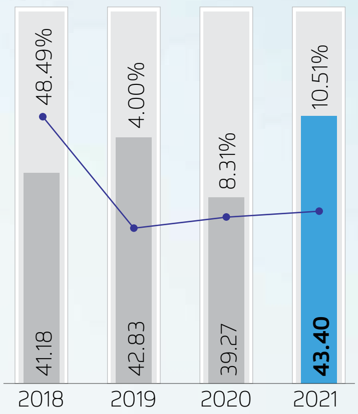


Growth over the previous year

Profitability growth

EBIDTA

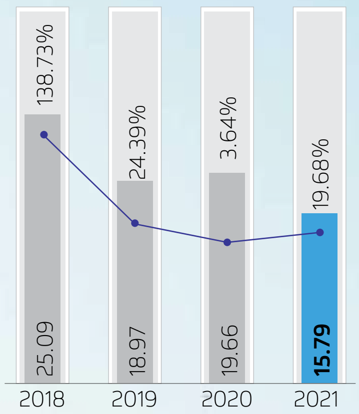
₹ in crore



Growth over the previous year

PAT

₹ in crore

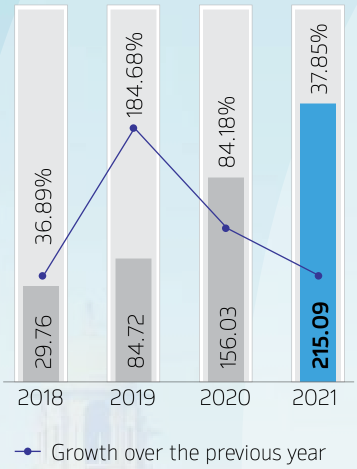


Growth over the previous year

Business growth

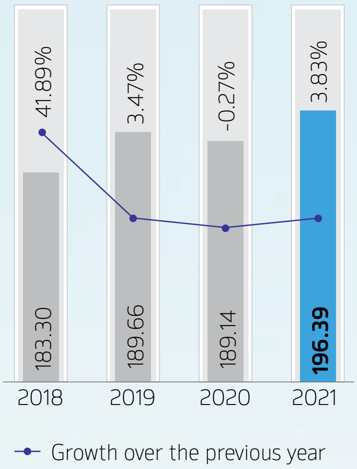
Order book

₹ in crore



Gross asset

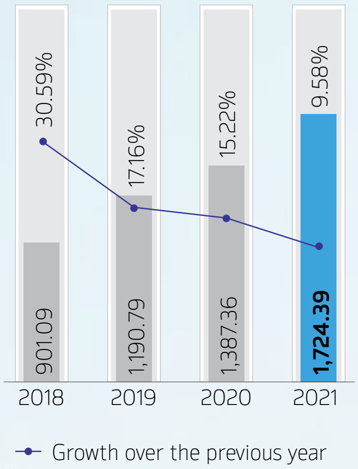
₹ in crore



Return on investments

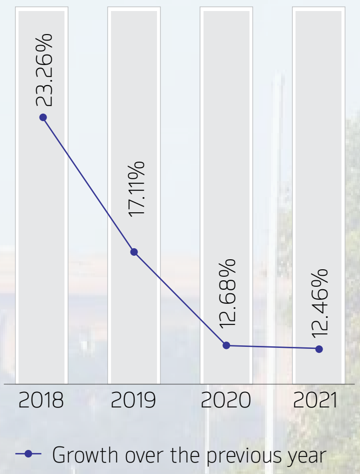
ROE

₹ in crore



ROCE

₹ in crore



ANALYSING THE PERFORMANCE OF

THE PDSTL IN A CHALLENGING FY21

In conversation with Mr Munjal Shah, Managing Director PDSTL

We have just completed a year where definitive answers in 'yes' or 'no' is not possible. It was one of the most challenging years in recent times, both in terms of its economic ramifications and the hardships posed to human lives. We entered a financial year where the first quarter witnessed almost zero economic activity. Further, we witnessed a major shift in the government's focus during the year, wherein healthcare emerged as a priority sector and all major government investments were focused towards the same.

Despite these challenges, we embarked on various initiatives to safeguard our people, strengthen our sectoral position and prepare ourselves for tomorrow.

One such major initiative undertaken during the year was on the technology front, to steadily prepare us for tomorrow. Technology is constantly changing the landscape in which we operate; further, it is changing the services that we can offer our customers. That's why using technology to strengthen and innovate our product offerings across the five key segments of our presence was one of the strategic priorities of the Company during the year. Taking advantage of the opportunities and to offer customers better solutions, we focused on adopting an innovative approach. The major technological developments undertaken during the year were. Remotelly controlled border defence system , electronic time fuze, naval periscope to name a few.

Strategic response to COVID-19

With the onset of the Covid-19 pandemic, one of our major priorities was the safety of our people. By establishing strong safety protocols and diligently following the government mandate. We ensured that we safeguarded the well-being of our people and continued to operate throughout the crisis. Although the business impact was not totally under our control, we adopted different mitigating measures such as reducing or deferring non-essential operating and capital expenditure to insulate the business from adverse effects in the short term. As the lockdowns continued to be lifted, we developed detailed plans to return to productive operating capacity in-line with Govt. Regulations.

Performance of the Company in FY21

FY21 wasn't just a year where we focused on growth. Rather, we further strengthened our sustainability. Our past financial performance helped us in mitigating challenges due to the pandemic. Both our topline and bottom-line were slightly impacted owing to external challenges. We reported a topline of Rs. 143.33 crores and a bottom line of Rs. 15.79 crores, a decline of 2.53% and 19.69% respectively, compared to the previous year. Despite global impact of Pandemic on Economies, Paras secured it's best orderbook of all times in FY20-21. This speaks about our customer relations and their trust in us and is also an indicator that our business is sustainable even during global calamities like Pandemic. Going beyond financial numbers, the year panned out well for the company. One of our major achievement was the expansion of our manufacturing capacity at Nerul and also the installation of new systems. We also entered into a partnership with ISISPACE – the Netherlands to provide turnkey solutions in the Nanosatellite segment. Further, we entered into a relationship with High Lander, which provides end-to-end solutions for the management of autonomous drone fleets. We also developed a High Performance Embedded Computing platform for Naval and Aviation platform. This is a conduction-cooled, pre-integrated and pre-qualified system ready for immediate deployment. It helps in minimizing the cost, reduces risk and improve program lead time.

During the year, one of our major focus was preserving the technology leadership of our businesses, despite challenges. We have continued to invest in developing cutting-edge technologies across our businesses, with a particular focus on sustainable products that assist our key customers. This showcased the mindset of the team, where we are not just focusing on today but also looking towards building a brighter tomorrow for the company and nation.

Road ahead

PDSTL's flexibility and performance through the pandemic demonstrated the strength of our business model, and the exceptional commitment and resilience of our people to address issues related to customers, production, supply chain and others. Even with some disruption, our operations remained open and productive through the most part of the year.

Therefore, we performed reasonably well in FY21 and started FY22 in a strong position. The government's Atmanirbhar Bharat Abhiyan, dedicated domestic procurement budget, enhancement of the FDI limit for the defence sector and the new Defence Acquisition Procedure 2020 is likely to usher a new era of growth for the Indian defence sector. These positive policy changes are likely to provide us with a sea of opportunities and the long-term outlook of our business, thereby, remains strong.

Going forward, we would continue to partner with our customers to better understand their longer-term needs and effectively mould our product portfolio to meet their specific needs. We intend to direct our focus towards technological advancements and product innovations that would make us future-ready and would accelerate our growth. We will continue to focus on occupying a privileged position in the Indian defence and space sector by forging long term customer relations.

While we enter FY22 in a position of strength, I believe, it is too early to conclude the overall impact of Covid-19 on our business and the economy and society at large. While we continue to implement short-term measures to mitigate the immediate challenges, our focus remains on the long-term growth of the company and to evolve as a progressive organisation with the innovation and dedication of our people, enabling us to look at the future with renewed confidence.

> We intend to direct our focus towards technological advancements and product innovations that would make us future-ready and would accelerate our growth.

WHY INVEST IN PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED?

PDSTL has some great underlying strengths. It also offers exemplary opportunity to optimize its presence in the specialized optics, electronic and software solutions segment, in niche markets, to emerge as an integrated, disciplined and focused business entity.

Opportunity to make a good business great

PDSTL is one of the leading 'Indigenously Designed Developed and Manufactured' (IDDM) category private player in India, catering to four major segments of Indian defence. Working closely with the government and government undertaking organizations in the defence and space research, the Company is likely to benefit from the Government's "Atmanirbhar Bharat" and "Make in India" initiatives.

Industry-leading technology and focus on innovation

PDSTL approaches everything with a spirit of scientific & technological exploration, cutting-edge innovation and limitless thinking. It enabled PDSTL to develop robust technological capability, new and cutting-edge products and solutions in the defence and space research segment. The Company is the sole Indian supplier of critical imaging components such as large sized optics and diffractive gratings for space applications in India.

Growth focused and experienced management team

An experienced management team comprising of industry veterans helped PDSTL to create superior and sustainable value for its stakeholders. Leading through the pandemic: responding and adapting to the external environment, the management team allowed the Company to successfully execute its growth strategies.

Diversified portfolio to stay ahead of the curve

By investing in and developing sustainable and innovative products and solutions across five different product segments, the company has emerged as a one-stop solution provider in the defence and space research segment.

Strong & Stable Financial Health

Paras has diverse business streams which ensure sound financial health of the company. Paras has a robust team ensuring best practices of corporate governance.

Well-positioned in niche segments

Against the background of a renewed focus on defence budgets, in the key markets of our presence, PDSTL is well-positioned in niche segments of the defence and space market which have the opportunity to outperform the broader sector over the next few years.

Growing exposure to attractive international markets

Focus on increasing presence in the high growth international markets of US, Europe and Israel by adopting a customer-focused approach to deliver innovative products and solutions.

Partnering with the Best in Business

Paras has always chosen to partner with companies with a clear visibility of business opportunities which can be satisfied under the Make In India & Atmanirbhar Bharat Initiatives. These partnerships are aimed at offering our customers the World-Class Technology in the fastest time at the most cost-effective pricing.

Ultra-Precision Optics Manufacturing

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.

Our facility is an advanced nano technology machining centre for producing high quality optics and ultra-precision components.

We are also the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for Space applications in India.

Corporate Information

BOARD OF DIRECTORS

Sharad Virji Shah
Chairman and Non-Executive Director

Munjal Sharad Shah
Managing Director

Shilpa Amit Mahajan
Whole Time Director

Sunil Kumar Sharma
Non-Executive Independent Director

Manmohan Handa
Non-Executive Independent Director

Dr. Hina Amol Gokhale
Non-Executive Independent Director

Mr. Suresh Katyal
Non-Executive Independent Director

Mr. Srinivas Kalur
Nominee Director
(Resigned w.e.f. from 2nd August, 2021)

Statutory Auditor
M/s. Chaturvedi & Shah LLP

Cost Auditor
M/s. Dinesh Jain & Company

Secretarial Auditor
M/s. Sawant & Associates

Chief Financial Officer
Harsh D. Bhansali

Company Secretary & Compliance Officer
Ajit K. Sharma

BANKERS

Kotak Mahindra Bank Limited
NKGSB Co-operative Bank Limited

REGISTERED OFFICE

D-112, TTC Industrial Area, MIDC,
Nerul, Navi Mumbai – 400 706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
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

COMMITTEES OF BOARD

Corporate Social Responsibility Committee

Munjal Shah	Chairman
Shilpa Mahajan	Member
Manmohan Handa	Member

Audit Committee

Manmohan Handa	Chairman
Sunil Kumar Sharma	Member
Munjal Shah	Member

Nomination and Remuneration Committee

Manmohan Handa	Chairman
Sunil Kumar Sharma	Member
Sharad Shah	Member

Stakeholder Relationship Committee

Sharad Shah	Chairman
Munjal Shah	Member
Manmohan Handa	Member

FACTORIES

M-6, Addl. MIDC, Ambernath (E), Thane -421506
Tel. No. +91-251-2621222/333/ 444
Fax No. +91-251-2621 222

CORPORATE OFFICE

(i) Plot No. 108 A, Survey No. 261, IDA, Cherlapally, Dist. Ranga Reddy, Hyderabad – 500062

(ii) No.1, 9th Cross, 9th Main, Malleshwaram, Bengaluru-560003

NOTICE OF 12TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 12TH ANNUAL GENERAL MEETING OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED WILL BE HELD ON SATURDAY, 18TH DAY OF SEPTEMBER, 2021 AT 01:00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Standalone Financial Statements and Consolidated Financial Statements of the Company for the year ended as on 31st March, 2021 and Report of Board of Director's and Auditor's thereon;

2. To re-appoint a Director in place of Mr. Munjal Sharad Shah (DIN: 01080863) who retires by rotation and being eligible, offer himself for re-appointment.

SPECIAL BUSINESS:

3. 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 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) 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 July 6th, 2021 as Cost Auditors of the Company to conduct the cost audit for the Financial Year 2021-22, amounting to Rs. 90,000 (Rupees Ninety Thousand 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 the Board of Directors of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. REVISION IN TERMS OF APPOINTMENT OF MR. MUNJAL SHARAD SHAH, MANAGING DIRECTOR:

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

RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, and subsequent approval of the Board and subject to the provisions of Section 152, 196, 197, 198 and 203 including other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded for revision in terms of appointment of Mr. Munjal Sharad Shah, Managing Director, (DIN: 01080863) w.e.f. the date of this general meeting till the remaining tenure of his office as Managing Director of the Company on the terms and conditions as may be mutually agreed by the Board of Directors and Mr. Munjal Shah, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit.

RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to approve Scheme of Loan as per the policy of the Company to Mr. Munjal Sharad Shah, Managing Director as a part of service contract as included in the terms of appointment.

RESOLVED FURTHER THAT except for the revision in the salary all other terms and condition as earlier approved by the members and which are not dealt in this resolution shall remain unaltered.

RESOLVED FURTHER THAT Mr. Sharad Virji Shah, Chairman and Director (DIN: 00622001) and Mrs. Shilpa Amit Mahajan, Whole Time Director (DIN: 01087912) be and are hereby severally / jointly authorized to sign, execute and issue revised appointment letter to Mr. Munjal Sharad Shah.

RESOLVED FURTHER THAT Mr. Sharad Virji Shah, Chairman and Director (DIN: 00622001) and Mrs. Shilpa Amit Mahajan, Whole Time Director (DIN: 01087912) be and are hereby severally / jointly authorized to sign, execute and enter in to such appointment agreement with Mr. Munjal Shah on behalf of the Company on such terms and conditions as may be mutually decided.

RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary be and are hereby severally / jointly authorized to sign such forms/returns as may be required to be submitted to the Registrar of Companies, Mumbai, or such other authorities as may be required and to do all the acts, deeds and things which may be necessary to give effect to the above said resolution."

5. RATIFICATION OF REMUNERATION PAYABLE TO MRS. SHILPA AMIT MAHAJAN, (DIN: 01087912) WHOLE TIME DIRECTOR:

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

RESOLVED THAT in accordance to the resolution passed by the members in their meeting held on 28th September, 2018 for appointment of Mrs. Shilpa Mahajan (DIN: 01087912) as Whole Time Director and pursuant to the provisions of Section 152, 196, 197 & 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and as recommended by the Nomination and Remuneration Committee and as approved by the Board of Directors, consent of the members of the Company be and is hereby accorded for ratifying the remuneration to be payable to Mrs. Shilpa Amit Mahajan, Whole Time Director, (DIN: 01087912) w.e.f. 28th September, 2021 for the remaining tenure of her office as Whole Time Director (i.e. till September 27, 2023) on the terms and conditions as may be mutually agreed, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit.

RESOLVED FURTHER THAT except for the ratification of the remuneration all other terms and condition as earlier approved by the members earlier and which are not dealt in this resolution shall remain unaltered.

RESOLVED FURTHER THAT Mr. Sharad Virji Shah, Chairman and Director (DIN: 00622001) and Mr. Munjal Sharad Shah, Managing Director (DIN: 01080863) be and are hereby severally / jointly authorized sign, execute and issue revised appointment letter to Mrs. Shilpa Amit Mahajan.

RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby severally / jointly authorized to sign such forms/returns as may be required to be submitted to the Registrar of Companies, Mumbai, or such other authorities as may be required and to do all the acts, deeds and things which may be necessary to give effect to the above said resolution."

6. **REVISION IN SALARY PAYABLE TO MR. ANISH MEHTA, DIRECTOR'S RELATIVE HOLDING PLACE OF PROFIT IN THE COMPANY:**

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

"**RESOLVED THAT** pursuant to the provisions of Sections 188 of the Companies Act, 2013 ("the Act") read with Companies (Meetings of Board and its Powers) Rules, 2014, and other applicable statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendments, or re-enactment thereof for the time being in force), as per the recommendation of Nomination and Remuneration Committee and Audit Committee in their meeting held on July 6th, 2021 and as approved by the Board of Directors in their meeting held on July 6th, 2021, approval of the members of the Company be and is hereby accorded to increase the salary of Mr. Anish Mehta, Director – Business Development, (Relative of Mr. Munjal Sharad Shah, Managing Director of the Company) holding place of profit in the Company in the pay scale of Rs. 1,00,000/-(Rupees One Lakhs Only) upto Rs. 2,00,000/-(Rupees Two Lakhs only) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee / Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013, to effect change in designation and responsibilities of Mr. Anish Mehta holding office or place of profit, within the maximum limit approved by the shareholders.

RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby authorized to sign such forms/returns as may be required to be submitted to the Registrar of Companies, Mumbai, or such other authorities as may be required and to do all the acts, deeds and things which may be necessary to give effect to the above said resolution."

BY ORDER OF THE BOARD OF DIRECTORS OF
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

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AJIT K. SHARMA
Company Secretary & Compliance Officer
F10165
DATE: 13th September, 2021
PLACE: NAVI MUMBAI

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company.
2. Proxies to be effective must be received by the company not less than 48 hours before the meeting. A proxy form in Form MGT-11 for the 12th AGM is enclosed.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Members, proxies, authorised representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.
5. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the ensuing Annual General Meeting is annexed hereto.
6. All documents referred in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of Annual General Meeting.
7. Members holding shares in physical form are requested to advice immediately change in their address, if any, quoting their folio number(s) to the Registrar & Share Transfer Agent of the Company. Members holding shares in the electronic form are requested to advise immediately change in their address, if any, quoting their Client ID number, to their respective Depository Participants.
8. Members may avail dematerialization facility by opening Demat Accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialized.
9. The route map indicating the direction to reach the venue of the Annual General Meeting is annexed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 3:

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

The Board of Directors on the recommendation of Audit Committee at its Meeting held on July 6th, 2021, approved the appointment of M/s Dinesh Jain & Co., Cost Accountants having Firm Registration Number (FRN) 100583 as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the Financial Year ending 31st March, 2022, at a remuneration of Rs.90,000/- (Rupees Ninety Thousand Only) (plus applicable Goods and Service Tax and reimbursement of out of pocket expenses).

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, members of a Company are required to ratify the remuneration to be paid to the cost auditors of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 3 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 31st March, 2022.

Your Directors commend passing of this resolution by way of Ordinary Resolution.

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. 3 of the Notice.

Item No. 4:

REVISION IN TERMS OF APPOINTMENT OF MR. MUNJAL SHARAD SHAH, MANAGING DIRECTOR:

Mr. Munjal Sharad Shah (DIN: 01080863) was appointed as the Managing Director by the Board of Directors at its meeting held on 21st February, 2019 for a period of five year i.e. from 15th March, 2019 to 14th March, 2024. The same was subsequently approved by the shareholders in their Extra Ordinary General Meeting held on 15th March, 2019.

Further, considering the contribution of Mr. Munjal Sharad Shah, Managing Director and growth of the Company during his leadership and guidance, the Nomination and Remuneration Committee in its meeting held on July 6th, 2021, has recommended to revise his terms of appointment which was approved by the Board of Directors in their meeting held on July 6th, 2021 on the following terms and condition as may be mutually agreed:

i. **Basic Salary:**

   The basic salary shall be Rs. 5,00,000/-(Rupees Five 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 overall ceiling of Rs. 10,00,000/-(Rupees Ten Lakhs Only) per month.

ii. **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.

iii. **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.

iv. Granting of Loan(s):

Pursuant to policy of the Company and subject to the relevant provisions of the Companies Act, 2013, Mr. Munjal Shah shall be entitled to receive Loans from the Company. The sanction of the Loan shall be at the discretion of the management.

Details required pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are provided in the "Annexure" to the Notice.

Your Directors commend passing of this resolution by way of a special resolution.

Except for Mr. Munjal Sharad Shah himself, Mr. Sharad Virji Shah, Mrs. Ami Munjal Shah and Mrs. Niranjana Sharad Shah being relative of Mr. Munjal Sharad Shah none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.4

ITEM NO. 5:

RATIFICATION OF REMUNERATION PAYABLE TO MRS. SHILPA AMIT MAHAJAN, WHOLE TIME DIRECTOR:

Mrs. Shilpa Amit Mahajan (DIN: 01087912) was appointed as the Whole Director by the Board of Directors at its meeting held on 25th September, 2018 for a period of five year i.e. from 28th September, 2018 to 27th September, 2023. The same was subsequently approved by the shareholders in 09th Annual General Meeting held on 28th September, 2018. However, pursuant to Schedule V of the Companies Act, 2013, the remuneration payable to the whole time director of the company shall be fixed for a period of 3 (three) years and subsequently shall be ratified by the Board of Director (including Nomination and Remuneration Committee) and shareholders by passing a resolution. The Board of Directors upon recommendation of the Nomination and Remuneration Committee at their meeting held on July 6th, 2021 have ratified the remuneration to be payable to Mrs. Shilpa Mahajan for the remaining tenure of her appointment.

Further, considering the efforts and hardwork of Mrs. Shilpa Amit Mahajan in her continuing tenure as Whole Time Director, the Nomination and Remuneration Committee in its meeting held on 07th September, 2019 has recommended to revise her terms of appointment which was approved by the Board of Directors in their meeting held on 07th September, 2019 on the following terms and condition:

i. Basic Salary:

The basic salary shall be Rs. 1,00,000/-(Rupees One Lakhs Only) 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 Rs. 3,00,000/-(Rupees Three Lakhs Only) per month.

ii. 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.

iii. 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.

Details required pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are provided in the "Annexure" to the Notice.

Your Directors commend passing of this resolution by way of an special resolution.

Except for Mrs. Shilpa Amit Mahajan herself, Mr. Amit Navin Mahajan being relative of Mrs. Shilpa Amit Mahajan none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.5

ITEM NO. 6:

REVISION IN SALARY PAYABLE TO MR. ANISH MEHTA, DIRECTOR'S RELATIVE HOLDING PLACE OF PROFIT IN THE COMPANY:

Considering the performance of Mr. Anish Mehta, the Director – Business Development of the Company over the last financial year, the Nomination and Remuneration Committee in its meeting held on 6th July, 2021 has recommended to revise his salary which was approved by the Board of Directors in their meeting held on the even date. It was further decided to increase the salary of Mr. Anish Mehta (Relative of Mr. Munjal Sharad Shah, Managing Director of the Company) holding place of profit in the Company in the pay scale of Rs. 1,00,000/- (Rupees One Lakhs Only) up to Rs. 2,00,000/- (Rupees Two Lakhs only) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.

Your Directors commend passing of this resolution by way of a special resolution.

Except for Mr. Anish Mehta – himself and Mr. Munjal Sharad Shah being the relative and Managing Director of the Company, none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no. 8

BY ORDER OF THE BOARD OF DIRECTORS OF
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

____
AJIT K. SHARMA
Company Secretary & Compliance Officer
DATE: 13th September, 2021
PLACE: NAVI MUMBAI

ANNEXURE - A

Details of re-appointment of Mrs. Shilpa Amit Mahajan, Director liable to retire by rotation at the AGM pursuant to Secretarial Standards – 2 on General Meetings:

Name of Director	Mrs. Shilpa Amit Mahajan	Mr. Munjal Sharad Shah
DIN	01087912	01080863
Date of birth	09th November, 1979	27th May, 1977
Age	40 Years	42 years
Date of first appointment on the Board	25th June, 2018	16th June, 2009
Qualifications	Diploma in Interior Design	Higher Secondary Certificate
Experience	Mrs. Shilpa Mahajan holds a Diploma in Interior Design. She was appointed as on the Board pursuant to amalgamation of Concept Shapers and Electronics Pvt. Ltd. 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 19 years in the organization, which helps her successfully handle the complete operations of the company right from design to delivery.	Mr. Munjal Shah is Promoter of the Company and held the position of Executive Director in the Company since its inception and was later re-designated as Managing Director. 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.
Terms and conditions of appointment	No change	No change
Details of remuneration last drawn	Rs. 1,00,000/-p.m.	Rs. 5,00,000/- p.m.
Remuneration proposed to be paid	In the range of Rs. 1,00,000/- p.m. to Rs. 3,00,000/-p.m.	In the range of Rs. 5,00,000/- p.m. to Rs. 7,00,000/-p.m.
Shareholding in the Company as on date	7,62,245 Equity Shares(constituting 2.46% of the Equity paid-up capital)	99,08,137 (constituting 32.00% of the paid-up capital)
Relationship with other Directors / Key Managerial Personnel	Mrs. Shilpa Mahajan is spouse of Mr. Amit Mahajan (Director – Technical and R&D)	Mr. Munjal Shah is son of Mr. Sharad Shah, Chairman and Director of the Company
Directorships in other companies	1. Holland Shielding Systems (India)Private Limited 2. Paras Aerospace Private Limited 3. Paras Anti-Drone Technologies Private Limited	1. Holland Shielding Systems (India)Private Limited 2. Paras Green Optics Private Limited 3. Paras Aerospace Solutions Private Limited 4. Paras Strategic Technologies Private Limited 5. Remy Entertainment & Banquets Private Limited
Membership of Committees/ Chairmanship in other Companies	None	N.A
Number of Board meetings attended during the year	9	22

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are pleased to present 12th Annual Report together with the Standalone and Consolidated Audited Financial Statements for the financial year ended on 31st March 2021.

1. Financial Results:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For F.Y. ended 31.03.2021	For F.Y. ended 31.03.2020	For F.Y. ended 31.03.2021	For F.Y. ended 31.03.2020
Revenue from Operations	13,279.69	14,656.87	14,332.99	14,704.28
Other Income	132.87	221.82	127.55	200.78
Total Income	**13,412.56**	**14,878.69**	**14,460.54**	**14,905.06**
Less: Expenditure	11,226.94	12,668.91	12,199.53	12,725.84
Profit Before Taxation	**2,185.62**	**2,209.78**	**2,261.01**	**2,179.22**
Income tax	723.65	661.46	728.57	661.85
Deferred Tax	(46.15)	(448.78)	(46.17)	(448.78)
Income Tax for Earlier Years	-	0.41	-	0.41
Net Profit after Tax	**1,508.12**	**1,996.69**	**1,578.61**	**1,965.74**
Total Other Comprehensive Income(Net of tax)	(31.33)	(60.09)	(30.94)	(59.90)
Total Comprehensive Income for the year	1,539.45	2,056.78	1,609.55	2,025.64

2. State of Companies Affairs/Financial Performance:

The Company has earned revenue from operation of ₹ 13,279.69 Lakhs during the year ended on 31st March, 2021 as against ₹ 14,656.87 Lakhs earned during the previous year ended on 31st March, 2020. The Company has also earned other income of ₹ 132.87 Lakhs during the year under review as against ₹ 221.82 Lakhs earned during the previous year.

3. Impact of COVID-19 on the business of the company:

The outbreak of COVID-19 virus continues to spread across the globe including India and to control, the Government authorities had been forced to commence nationwide lockdown. The operations of the Group remained completely shut down in the month of April 2020 and thereafter operations have been started slowly as per the instruction of the State Government / Local authorities. Due to COVID-19, in the first half of the year the Group's operations and revenue were impacted significantly, however during the second half of the year, the operations of the Group have improved and the Group was able to maintain the profitability. The current '"second wave" that has significantly increased the number of infected cases in India, has resulted in slowing down the operation due to regional / local restrictions in areas with a significant number of COVID-19 cases. The Group has been taking various precautionary measures to protect its employees, customers and society at large, like control movement, maintaining social distancing, taking appropriate and stringent hygiene measures and following the directions of Government regulatory authorities. The Group believes that the Pandemic is not likely to impact the carrying value of its assets. The Group continues to closely monitor the development and possible effects that may result from the current pandemic, on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of date of approval of these Consolidated financial statements.

4. Dividend:

As the Company is in its growth stage the management has decided to conserve the resources for its expansion and diversification. Hence, the Board of Directors of the company has not recommended any dividend during the year under review.

5. Transfer to Reserves:

The Company has not transferred any amount out of the current year profits of the Company for the financial year 2020-21 to General Reserve Account. The description of reserves and surplus are given in Note No. 15, forming part of Standalone Financial Statements.

6. Change in Capital Structure of the Company:

A. Authorized Share Capital –

During the year under review, the Company has increased and re-classified the authorized share capital of the Company as follows:

Sr. No.	Date of Approval from Shareholders	Particulars	Revised Authorized Share Capital	
			From	To
1.	August 5, 2020	Increase in Authorized share capital for allotment of shares to Maharashtra Defence and Aerospace Venture Fund.	₹ 45,38,50,000/- divided in to 4,53,85,000 Equity Shares of ₹ 10/- each.	₹ 58,50,00,000/- divided into 4,53,85,000 Equity shares of ₹ 10/- each and 13,11,500 Preference shares of ₹ 100/- each.
2.	August 5, 2020	Re-classification of the Authorized Share Capital for allotment of Optionally Convertible Preference shares to Maharashtra Defence and Aerospace Venture Fund (MDAVF).	₹ 58,50,00,000/- divided into 4,53,85,000 Equity shares of ₹ 10/- each and 13,11,500 Preference shares of ₹ 100/- each.	₹ 58,50,00,000/- divided into 2,85,10,000 Equity Shares of ₹ 10/- each and 29,99,000 Preference Shares of ₹ 100/- each
3.	March 18, 2021	Increase in Authorized share capital for allotment of shares	₹ 58,50,00,000/- divided into 2,85,10,000 Equity Shares of ₹ 10/- each and 29,99,000 Preference Shares of ₹ 100/- each	₹ 60,50,00,000/- divided into 3,05,10,000 Equity Shares of ₹ 10/- each and 29,99,000 Preference Shares of ₹ 100/- each

Note: *all the relevant compliances and payment of stamp duty has been paid by the company for the above increase in authorized share capital.*

B. Paid-up Share Capital-

During the year under review, following allotment / redemption of securities have been made by the Company:

Sr. No.	Date of Allotment	Type of Securities	No. of Securities	Face Value	Premium	Purpose of Issue
1.	13.08.2020	Equity Shares	507	10/-	187/-	Allotment of 507 Equity Shares issued to MDAVF through its investment Manager IDBI Capital Market & Securities Limited
2.	13.08.2020	0.01% Optionally Convertible Preference Shares	29,99,000	100/-	Nil	Issuance of 29,99,000 0.01% Optionally Convertible Preference Shares issued to MDAVF through its investment Manager IDBI Capital Markets & Securities Limited
3.	26.03.2021	Equity Shares	14,40,000	10/-	115/-	Allotment of 14,40,000 Equity shares on private placement basis
4.	26.03.2021	0.01% Optionally Convertible Preference Shares	16,02,000	100	12.40/-	Redemption of 16,02,000 0.01% Optionally Convertible Preference Shares out of the proceeds of the fresh issue and internal accruals.

The securities allotted were allotted at such price as determined by the valuation report obtained by Registered Valuer as per the provision of Companies Act, 2013.

7. Bonus Shares/ Equity Shares with differential voting rights/ESOP:

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, 2021, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

8. Details of Subsidiary/Joint Ventures/Associate Companies:

Subsidiaries:

As on 31st March 2021, the Company had 4 (four) subsidiaries out of which 3 (three) are Indian subsidiaries and 1 (One) Foreign subsidiary.

The details of the Subsidiaries are as follow:

Sr. No.	Name of the Company	Date of Incorporation
1.	Paras Green Optics Pvt. Ltd. (Indian Wholly Owned Subsidiary)	29.10.2018
2.	$Paras Aerospace Pvt. Ltd. (Indian Subsidiary)	13.02.2019
3.	#Paras Anti-Drone Technologies Pvt. Ltd. (Indian Subsidiary)	25.02.2019
4.	*Opel Technologies PTE. Ltd. (Foreign Subsidiary)	02.01.2019

**The name of the foreign subsidiary was changed from Paras Space Technologies Pte. Ltd. to Opel Technologies Pte. Ltd. effective from 13th July, 2020 and was approved by Accounting and Corporate Regulatory Authority (ACRA).*

$The name of the Subsidiary was changed from Paras Aerospace Solutions Private Limited to Paras Aerospace Private Limited w.e.f. 23rd October, 2020.

 # The name of the Subsidiary was changed from Paras Strategic Technologies Private Limited to Paras Anti-Drone Technologies Private Limited w.e.f. 19th October, 2020.

Associate Companies:

As on 31st March, 2021, there are no Associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

Joint Venture:

As on 31st March, 2021, there are no Joint Ventures within the meaning of Section 2(6) of the Companies Act, 2013.

Pursuant to provision of section 129 (3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the company's subsidiary in form AOC-1 is attached to the Annual Report of the company as **Annexure I**.

9. Consolidated Financial Statements

As per Section 129(3) of Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company, along with its subsidiaries.

The Company will provide a copy of separate audited financial statements in respect of its Wholly-owned subsidiary to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the Wholly-owned subsidiary company at the Registered Office during the business working hours.

10. Deposits

During the year under review, your Company has not accepted any deposits within the meaning of section 73 of the Companies Act,2013 read together with the companies (Acceptance of Deposits) Rules, 2014.

11. Particulars of Loans, Guarantees or Investments

Particulars of loans & Investment as required under section 186 of the Companies Act 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 are given under notes to the Standalone financial statements which forms part of this Annual Report.

There is no Guarantee given by the Company during the year under review.

12. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in **Annexure II** which forms part of this Report.

13. Directors:

A. Director's liable to Retire by Rotation:

In accordance with the provisions of Section 152 of Companies Act, 2013 and the Company's Articles of Association, Mr. Munjal Sharad Shah, Managing Director retires by rotation this year and being eligible offers himself for re-appointment.

The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

B. Change in Directors during the year:

Name of Director	DIN	Nature of change	Designation	Date of appointment	Date of change in designation	Date of cessation
Dr. Hina Amol Gokhale	08712659	Appointment	Non-Executive Women Independent Director	01.04.2020	-	-
Mr. Anantapadmanabhan Sarma	00624900	Appointment	Nominee Director	14.09.2020	-	30.10.2020
Mr. Srinivas Kalur	09002739	Appointment	Nominee Director	29.12.2020	-	-
Mr. Suresh Katyal	08979402	Appointment	Non-Executive Independent Director	05.01.2021	-	-

None of the Board of Directors holds directorships in more than 10 public companies.

C. Independent Director:

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has received declaration from Mr. Sunil Kumar Sharma (DIN: 03614952), Mr. Manmohan Handa (DIN: 06942720), Dr. Hina Amol Gokhale (DIN: 08712659), and Mr. Suresh Katyal (DIN: 08979402) Independent Directors of the Company that they meet the criteria of independence as required under Section 149(6) of the Act.

14. Key Managerial Personnel(KMP):

There was NIL Changes in Key Managerial Personnel of the Company during the year. Following are the KMP's of the Company as on the end of the financial year

Name of KMP	Designation
Mr. Munjal Shah	Managing Director
Mrs. Shilpa Mahajan	Whole Time Director
Mr. Harsh Bhansali	Chief Financial Officer
Mr. Ajit Sharma	Company Secretary & Compliance Officer

Pursuant to provision of Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CFO & Company Secretary.

15. Company's Policy on Directors' Appointment, Remuneration etc.:

The Company's Policy on appointment and remuneration of Directors, Key Managerial Personnel, and other employees is available on the website of the Company www.parasdefence.com

16. 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.

17. Auditors:

a) Statutory Auditors

M/s. Chaturvedi & Shah LLP, Chartered Accountants, Mumbai (Firm Reg No.: 101720W / W100355) had been appointed as Statutory Auditor of the Company for a term of 5 years from the conclusion of 09th Annual General Meeting until the conclusion of the Annual General Meeting for the Financial Year 2022-23, on such terms and conditions and remuneration as may be decided by the Board from time to time.

b) Cost Auditor:

M/s. Dinesh Jain & Company, Cost Accountant, Mumbai (Firm Reg. No: 100583) has been proposed to be appointed as Cost Auditor for the Financial Year 2021-22. The Company has maintained cost records as per the applicable provisions of the Companies Act, 2013 or any other applicable Act.

c) Secretarial Auditors:

M/s. Sawant & Associates, Practising Company Secretaries had been appointed as Secretarial Auditor of the Company for the Financial Year 2020-21. The secretarial audit report in form MR-3 as issued by them is attached as **Annexure III** which forms an integral part of this Report. The comments provided by them are self-explanatory and hence does not require comments from the Board.

d) Internal Auditor:

M/s. Shaparia Mehta & Associates LLP, Independent Chartered Accountant Firm, has been appointed as its Internal Auditor for conducting the internal audit functions of the Company and submitted their report thereon for the financial year 2020-2021 to the Board and committee for its review.

M/s. Shaparia Mehta & Associates LLP, Independent Chartered Accountant Firm has been proposed to be appointed as Internal Auditor for the Financial Year 2021-22.

18. Explanation on any adverse remark and comment by the Auditors:

No adverse remark and comments are given by the auditors of the Company. None of the Auditor/s has reported any incident of fraud by the Company during the financial year 2020-21.

19. Extract of Annual return:

Extract of Annual Return in form MGT-9 containing details as on the financial year ended 31st March 2021 as required under section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is annexed herewith as **Annexure IV** which forms part of this report.

20. Corporate Social Responsibility Committee:

In accordance with the provision of Section 135 of the Companies Act, 2013 and rules made thereunder, your Company had constituted Corporate Social Responsibility (CSR) Committee.

Your Company constituted Corporate Social Responsibility Committee with following members:

1. Mr. Munjal Sharad Shah
2. Mrs. Shilpa Amit Mahajan
3. Mr. Manmohan Handa

As a part of Corporate Social Responsibility, the Company has undertaken projects in the areas of Environment Sustainability, Health care, Education, Promotion and Development of Traditional Art and Culture, Community Welfare. These projects are in accordance with Schedule VII of the Act and the Company's CSR policy.

The CSR expenditure spent by the Company for the F.Y. 2020-21 is as follow:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021
Health Care, Sanitation and providing Drinking Water	53.50
Total	**53.50**

The contents of the CSR policy and CSR Report for the year 2020-21 is attached as **Annexure V** to this report. The CSR policy is also available on the Company's website at www.parasdefence.com

21. Vigil Mechanism:

As per Section 177 (9) and (10), read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 of the Act, the Company has established a vigil mechanism for Directors and employees to report their genuine concerns to the appropriate authorities for any unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

During the year under review, there were no complaints reported.

22. 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 frame work.

23. 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.

24. Compliance with Secretarial Standards:

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS- 1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

25. Change in Nature of business:

There was no change in nature of the business of the Company, during the year under review.

26. Disclosure of orders passed by Regulators or Courts or Tribunal:

There were NIL orders passed against the Company.

27. Meetings of the Board:

During the financial year 2020-21, the Board met 07 (Seven) times i.e. on:

Sr. No.	Date of Board Meeting	No. of Directors eligible to attend the meeting	No. of Directors attended the meeting
1.	02.07.2020	06	06
2.	27.07.2020	06	03
3.	14.09.2020	06	06
4.	09.10.2020	07	07
5.	29.12.2020	06	06
6.	02.03.2021	08	07
7.	17.03.2021	08	07

The maximum interval between any two meetings did not exceed 120 days.

Details of the Board of Directors and Attendance Record of Directors during the financial year ended March 31, 2021 is as under:

Sr. No.	Name of Director	Number of Board meetings entitled to attend	Number of Board meetings attended
1.	Mr. Sharad Virji Shah	07	07
2.	Mr. Munjal Sharad Shah	07	07
3.	Mrs. Shilpa Amit Mahajan	07	07
4.	Mr. Sunil Kumar Sharma	07	06
5.	Mr. Manmohan Handa	07	06
6.	Dr. Hina Gokhale	07	06
7.	Mr. Anantapadmanabhan Sarma	01	01
8.	Mr. Srinivas Kalur	02	0
9.	Mr. Suresh Katyal	02	02

28. Particulars of contracts or arrangements with related parties:-

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 as **Annexure VI** 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 Note No. 34 of the Notes forming part of the Standalone Financial Statements

29. Material Changes and commitments, if any, affecting the financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements Relate and the date of Report:

There have been no material changes affecting the financial position of the Company between the end of the Financial Year of the Company to which the Financial Statements relate and to the date of Report.

30. Internal Financial Control:

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.

31. 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 31st March, 2021 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.

32. Appreciation and Acknowledgement:

Your Directors would like to take this opportunity to thank all our employees for their contribution in the continued success of Paras Defence & Space Technologies Limited. Your Directors would also like to extend their gratitude towards our business partners, associates, vendors and also the Central, State governments and government agencies for their sustained support. Your Directors would also like to express their sincere appreciation to you for your continued faith, trust, encouragement and support. Your support is the foundation on which this Company will scale new heights.

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

SHARAD VIRJI SHAH
Chairman and Director
DIN: 00622001

MUNJAL SHARAD SHAH
Managing Director
DIN: 01080863

Place: Navi Mumbai
Date: 06th July, 2021

Annexure - I

Form AOC-1

(Pursuant to first proviso 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/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

(Amount in ₹)

Sr. No.	Particulars	Details			
1	Name of the subsidiary	Paras Green Optics Private Limited	Opel Technologies Pte. Limited	Paras Aerospace Private Limited	Paras Anti-Drone Technologies Private Limited
		Indian WOS	Foreign WOS	Indian Subsidiary	Indian Subsidiary
2	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
3	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 31.03.2021: 1 USD = ₹ 73.5047	NA	NA
4	Share capital	1,00,000	5,366.00	1,00,000	1,00,000
5	Reserves & surplus	79,121	55,57,268	(14,71,770)	(2,19,728)
6	Total assets	2,29,989	2,66,07,977	59,78,595	1,17,986
7	Total Liabilities	50,868	2,10,45,338	73,50,365	2,37,714
8	Investments	-	-	-	-
9	Turnover	15,15,000	16,99,55,018	75,82,166	14,75,000
10	Profit/Loss before taxation	11,84,275	56,61,892	4,20,880	9,68,811
11	Provision for taxation	27,343	(4,64,291)	(2,292)	-
12	Profit after taxation	11,56,932	51,97,601	4,23,172	9,68,811
13	Proposed Dividend	-	-	-	-
14	% of shareholding	100%	100%	60%	55%

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

1. Names of subsidiaries which are yet to commence operations: N.A.

2. Names of subsidiaries which have been liquidated or sold during the year: N.A.

Part “B”: Associate and Joint Ventures

(Information in respect of each Associate to be presented with amounts in ₹)

Sr. No.	Particulars	Details
1	Name of the Associate	Not Applicable
2	Latest audited Balance Sheet Date	Not Applicable
3	Reporting period for the Associate concerned, if different from the holding company’s reporting period	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Associates	Not Applicable
5	Share capital	Not Applicable
6	Reserves & surplus	Not Applicable
7	Total assets	Not Applicable
8	Total Liabilities	Not Applicable
9	Investments	Not Applicable
10	Turnover	Not Applicable
11	Profit/Loss before taxation	Not Applicable
12	Provision for taxation	Not Applicable
13	Profit after taxation	Not Applicable
14	Proposed Dividend	Not Applicable
15	% of shareholding	Not Applicable

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

1. Names of Associates which are yet to commence operations - Nil
2. Names of Associates which have been liquidated or sold during the year - Nil

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Sharad V. Shah	**Munjal S. Shah**	**Harsh D. Bhansali**	**Ajit K. Sharma**
Chairman & Director	Managing Director	Chief Financial Officer	Company Secretary
DIN: 00622001	DIN: 01080863		FCS: 10165

Place: Navi Mumbai
Date: 06th July, 2021

Annexure - II

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

Sr. No.	Particulars	Remarks
1.	**Conservation of energy**	Your Company took many initiatives to reduce the electricity consumption through productivity increase. Your Company as part of its sustainable development has obtained ISO 14001:2015 certification for environmental performance. Your Company has focused on efficient productivity so that unit consumption per unit is reduced, resulting in lower consumption of the resources available with maximum efficiency.
A.	The steps taken or impact on Conservation of Energy	
i.	Process Optimization and automation	
ii.	Optimization of Electrical Equipment	
iii.	Lighting	
iv.	Other key initiative for energy conservation	
B.	The steps taken by the Company for utilizing alternate source of energy	
C.	The capital investment on energy conservation equipment	
2.	Technology Absorption	
a.	The efforts made by the Company towards technology absorption	The Company has no activity relating to technology absorption. The Company has not imported technology during the year under review.
b.	The benefits derived like product improvement, cost reduction, product development or import substitution	
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

(Amount in ₹)

Particulars	2020-21	2019-20
Foreign Exchange Earnings in terms of actual inflows	26,66,42,346	2,48,22,711
Foreign Exchange Outgo in terms of actual outflows	31,33,88,258	21,26,74,702

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

SHARAD VIRJI SHAH
Chairman and Director
DIN: 00622001

MUNJAL SHARAD SHAH
Managing Director
DIN: 01080863

Place: Navi Mumbai
Date: 06th July, 2021

Annexure - III

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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]

To,
The Members,
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area,
MIDC Nerul,
Navi Mumbai – 400 706

We have conducted Secretarial Audit of Compliance with the applicable statutory provisions and adherence to good corporate practices by **Paras Defence and Space Technologies Limited (CIN: U292523MH2009PLC193352)** (hereinafter called 'the Company') for the **Financial year ended 31st March 2021**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and 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 31st March, 2021** complied with 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 and papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company as it is an unlisted

Save as otherwise, except as stated below in our report, the Company has complied with the provisions of the Acts, Rules, Regulations, and Guidelines as prescribed under the above stated acts and regulations.

Further, the Company being an unlisted public company, the rules, regulations, and provisions of Listing agreement and SEBI regulations and bye-laws are not applicable to the Company.

Further, the Compliance of applicable financial laws, such as Direct and Indirect tax laws, and other applicable provisions of Income Tax Act have not been reviewed in this report since the same have been subject to review by statutory financial audit and other designated professionals.

OTHER APPLICABLE LAWS:

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the Audit, and on examination of the relevant documents and records in pursuance thereof, on test check basis, in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure Compliance with applicable general laws like labour laws, environmental laws and other applicable standards laws.

We have also examined compliance with Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and found them to be in place.

We further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. Changes in the composition of Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;

(ii) Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and shorter notices were sent wherever applicable. A system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting;

(iii) All the decisions of the Board and Committees thereof were carried through with requisite majority.

We further report that based on review of compliance mechanism established by the Company and reviewed by the Board of Directors, we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and there has been delay in filing certain e-forms for which additional payment has been done by the Company.

We further report that during the audit period there were no specific events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulators, standards, guidelines etc.

We further report that the following transactions have taken place during the audit period and the same were in compliance with the provisions of the applicable laws:

i. On August 5, 2020 the Company has increased its Authorized share capital for allotment of shares to Maharashtra Defence and Aerospace Venture Fund from Rs. 45,38,50,000/- divided in to 4,53,85,000 Equity Shares of Rs. 10/- each to Rs. 58,50,00,000/- divided into 4,53,85,000 Equity shares of Rs. 10/- each and 13,11,500 Preference shares of Rs. 100/- each. Further, the authorized share capital was Re-classified for allotment of Optionally Convertible Preference shares to Maharashtra Defence and Aerospace Venture Fund (MDAVF) from Rs. 58,50,00,000/- divided into 4,53,85,000 Equity shares of Rs. 10/- each and 13,11,500 Preference shares of Rs. 100/- each to Rs. 58,50,00,000/- divided into 2,85,10,000 Equity Shares of Rs. 10/- each and 29,99,000 Preference Shares of Rs. 100/- each.

ii. On March 18, 2021, the Company has increased its Authorized share capital for allotment of shares on private placement basis from Rs. 58,50,00,000/- divided into 2,85,10,000 Equity Shares of Rs. 10/- each and 29,99,000 Preference Shares of Rs. 100/- each to Rs. 60,50,00,000/- divided into 3,05,10,000 Equity Shares of Rs. 10/- each and 29,99,000 Preference Shares of Rs. 100/- each.

iii. On August 13, 2020 the Company has made an Allotment of 507 Equity Shares of Rs. 10/- each at premium of Rs. 187/- per share and 29,99,000 0.01% Optionally Convertible Preference Shares of Rs. 100/- each at par to MDAVF through its investment Manager IDBI Capital Market & Securities Limited.

iv. On March 26, 2021 the Company has made an allotment of Allotment of 14,40,000 Equity shares of Rs. 10/- each at a premium of Rs. 115/- per share on private placement basis.

v. On March 26, 2021 the Company has redeemed 16,02,000 0.01% Optionally Convertible Preference Shares of Rs. 100/- each at a premium of Rs. 12.40 per share out of the proceeds of the fresh issue and internal accruals.

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report

For Sawant And Associates
Practising Company Secretaries
UDIN: A041210C000586205

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Prachi Prakash Sawant
M.No. A41210 C.P. No. 16317

Place: Kalyan
Date: July 6, 2021

Annexure A

To,
The Members,
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area,
MIDC Nerul,
Navi Mumbai – 400 706

Our Secretarial Audit Report of even date, for the financial year 2020-2021 is to be read along with this letter.

Management Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper system to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditors Responsibility

2. Our Responsibility is to express an opinion on the Secretarial records, Standards and procedures followed by the Company with respect to secretarial Compliances.

3. We believe that the audit evidence and information obtained from the Companies management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.

6. We have not verified the correctness and appropriateness of financial records and books of Accounts, since the same have been subject to review by statutory financial audit and other designated professionals.

For Sawant And Associates
Practising Company Secretaries
UDIN:

____
Prachi Prakash Sawant
M.No. A41210 C.P. No. 16317

Place: Kalyan
Date: July 6, 2021

Annexure - IV

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2021

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U29253MH2009PLC193352
2.	Registration Date	16/06/2009
3.	Name of the Company	**Paras Defence and Space Technologies Limited**
4.	Category/sub-category of the Company	Company Limited by Shares/Non Govt. Company
5.	Address of the Registered Office and contact details	D-112, TTC Industrial Area, MIDC, Nerul Navi Mumbai, Mumbai City -400706, Maharashtra Email: harsh@parasdefence.com Tel. No.: 022-6919 9999 Fax No.: 022-6919 9990 PAN: AAFCP1825J
6.	Whether Listed Company	No
7.	Name, address and contact details of Registrar and Transfer Agent	**Link Intime India Pvt Ltd.** C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai– 400 083, Maharashtra Tel. No. 022-4918 6000 Fax No. +91 022- 49186060 E-mail: demat@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Engineering and Technological Products, ferrous & non-ferrous metals, etc.	2599	28.45
2	Manufacture of Electronic & Mechanical Items such as Cabinets, Controlling systems, Consoles	2610	22.77
3	Manufacture of optical components involving machinery, mechanical process & high precision jobs	2670	48.78

As per the National industrial Classification (NIC) Code – 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN/UEN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Paras Green Optics Private Limited Address: 1st Floor,D-112, TTC Industrial Area MIDC, Nerul Navi Mumbai -400706	U33309MH2018PTC316487	Wholly owned Subsidiary Company	100	2(87)
2	*Opel Technologies Pte. Limited Address: 54, Arab Street, Singapore- 199751	201900184R	Wholly owned Subsidiary Company	100	2(87)
3	$Paras Aerospace Private Limited Address: 12, Sanjeevappa Layout, Nagavarapalya, C.V. Raman Nagar, Bangalore-560093	U74999KA2019PTC127669	Subsidiary Company	60	2(87)
4	#Paras Anti-Drone Technologies Private Limited Address: 1st Floor, D-112, TTC Industrial Area MIDC, Nerul Navi Mumbai -400706	U74999MH2019PTC321808	Subsidiary Company	55	2(87)

**The name of the foreign subsidiary was changed from Paras Space Technologies Pte. Ltd. to Opel Technologies Pte. Ltd. effective from 13th July, 2020 and was approved by Accounting and Corporate Regulatory Authority (ACRA).*

$The name of the Subsidiary was changed from Paras Aerospace Solutions Private Limited to Paras Aerospace Private Limited w.e.f. 23rd October, 2020.

#The name of the Subsidiary was changed from Paras Strategic Technologies Private Limited to Paras Anti-Drone Technologies Private Limited w.e.f. 19th October, 2020.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,82,67,470	-	1,82,67,470	64.29	1,82,67,470	-	1,82,67,470	61.19	(3.10)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**1,82,67,470**	**-**	**1,82,67,470**	**64.29**	**1,82,67,470**	**-**	**1,82,67,470**	**61.19**	**(3.10)**
(2) Foreign	-		-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2) :- Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**1,82,67,470**	**-**	**1,82,67,470**	**64.29**	**1,82,67,470**	**-**	**1,82,67,470**	**61.19**	**(3.10)**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	507	-	507	0.002	0.002
c) Central Govt	--	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	--	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**507**	**-**	**507**	**0.002**	**0.002**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	9,79,135	-	9,79,135	3.45	13,51,135	-	13,51,135	4.53	1.08
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	130	-	130	0.0004	8,130	-	8,130	0.03	0.03
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	87,84,830	-	87,84,830	30.92	98,44,830	-	98,44,830	32.98	2.06
c) Others (Non-Resident Indian)	3,81,105	-	3,81,105	1.34	3,81,105	-	3,81,105	1.28	(0.06)
Sub-total (B) (2):- Total Public Shareholding (B) = (B) (1) + (B) (2)	**1,01,45,200**	**-**	**1,01,45,200**	**35.71**	**1,15,85,200**		**1,15,85,200**	**38.82**	**3.11**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,84,12,670**	**-**	**2,84,12,670**	**100**	**2,98,53,177**	**-**	**2,98,53,177**	**100**	**0.012**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
1	Mr. Sharad Shah	85,24,840	30.00	-	85,24,840	28.56	-	(1.44)
2	Mr. Munjal Shah	97,42,630	34.29	-	97,42,630	32.64	-	(1.65)
	Total	**1,82,67,470**	**64.29**	**-**	**1,82,67,470**	**61.19**	**-**	**(3.10)**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**Mr. Sharad Virji Shah**	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	85,24,840	30.00	85,24,840	30.00
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis.	-	-	-	(1.44)
	At the End of the year	**-**	**-**	**85,24,840**	**28.56**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2	**Mr. Munjal Sharad Shah**	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	97,42,630	34.29	97,42,630	34.29
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(1.65)
	At the End of the year	**-**	**-**	**97,42,630**	**32.64**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Ami Munjal Shah**				
	At the beginning of the year	19,41,580	6.83	19,41,580	6.83
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.33)
	At the end of the year	**-**	**-**	**19,41,580**	**6.50**
2.	**Anish Hemant Mehta**				
	At the beginning of the year	14,20,630	5.00	14,20,630	5.00
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.24)
	At the end of the year	**-**	**-**	**14,20,630**	**4.76**
3.	**Kaajal Harsh Bhansali**				
	At the beginning of the year	14,20,630	5.00	14,20,630	5.00
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.24)
	At the end of the year	**-**	**-**	**14,20,630**	**4.76**
4.	**Anushka Shah (under the guardianship of Mr. Munjal Shah)**				
	At the beginning of the year	10,00,000	3.52	10,00,000	3.52
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.17)
	At the end of the year	**-**	**-**	**10,00,000**	**3.35**
5.	**Jiwanshi Shah (under the guardianship of Mr. Munjal Shah)**				
	At the beginning of the year	10,00,000	3.52	10,00,000	3.52
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.17)
	At the end of the year	**-**	**-**	**10,00,000**	**3.35**
6.	**Badve Engineering Limited**				
	At the beginning of the year	7,97,195	2.81	7,97,195	2.81
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.14)
	At the end of the year	**-**	**-**	**7,97,195**	**2.67**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	**Amit Navin Mahajan**				
	At the beginning of the year	7,62,245	2.68	7,62,245	2.68
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.13)
	At the end of the year			**7,62,245**	**2.55**
8.	**Jaya Chandrakant Gogri**				
	At the beginning of the year	-	-	-	-
	Allotment of equity shares on private placement on 26th March, 2021.	-	-	7,60,000	2.55
	At the end of the year	**7,60,000**	**2.55**	**7,60,000**	**2.55**
9.	**Rakesh Kirpalani**				
	At the beginning of the year	3,81,105	1.34	3,81,105	1.34
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis	-	-	-	(0.06)
	At the end of the year	**-**	**-**	**3,81,105**	**1.28**
10.	**Pooja Unichem LLP**				
	At the beginning of the year	-	-	-	-
	Allotment of equity shares on private placement on 26th March, 2021.			3,00,000	1.00
	At the end of the year	**-**	**-**	**3,00,000**	**1.00**

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	Mr. Sharad Virji Shah	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	85,24,840	30.00	85,24,840	30.00
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis.	-	-	-	(1.44)
	At the End of the year	**-**	**-**	**85,24,840**	**28.56**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2	Mr. Munjal Sharad Shah	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	97,42,630	34.29	97,42,630	34.29
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis.	-	-	-	(1.65)
	At the End of the year	**-**	**-**	**97,42,630**	**32.64**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3	Shilpa Amit Mahajan	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	7,62,245	2.68	7,62,245	2.68
	Decrease in percentage of shareholding due to allotment of equity shares on 13th August, 2020 and 26th March, 2021 on private placement basis.	-	-	-	(0.13)
	At the End of the year	**-**	**-**	**7,62,245**	**2.55**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4	Sunil Kumar Sharma	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5	Manmohan Handa	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6	Hina Amol Gokhale	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7	Suresh Katyal	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8	Srinivas Kalur	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9	Harsh Dhirendra Bhansali (Chief Financial Officer) – KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

Sl. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10	Ajit Kamal Sharma (Company Secretary & Compliance Officer) – KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Increase/Decrease in percentage of shareholding	-	-	-	-
	At the End of the year	**-**	**-**	**-**	**-**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Name and Description of main products/ Services	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year*				
i) Principa l amount	88,19,37,395	14,73,45,027	-	1,02,92,82,422
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	13,19,205	37,667	-	13,56,972
Total (i + ii + iii)	**88,32,56,700**	**14,73,82,694**	**-**	**1,03,06,39,394**
Changes during the financia lyear				
Addition	38,86,98,442	35,63,29,791	-	74,50,28,232
Deletion	-45,93,53,329	-27,88,56,790	-	-73,82,10,119
Net Changes	**-7,06,54,887**	**7,74,73,001**		**68,18,113**
Indebtechiess at tlie end of tlie financia lyear				
i) Principa l amount	81,26,01,813	22,48,55,695	-	1,03,74,57,507
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12,82,583	1,76,82,575	-	1,89,65,158
Total (i + ii + iii)	**81,38,84,396**	**24,25,38,270**	**-**	**1,05,64,22,666**

Note: *The indebtedness at the beginning of the year includes current maturities.*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sl. no.	Particulars	NAME OF THE DIRECTORS		Total Amount
		Mr. Munjal Shah	Mrs. Shilpa Mahajan	
1.	Gross Salary	60.00	12.00	72.00
(a)	Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	NIL	NIL	NIL
(b)	Value of perquisites under section 17(2) of Income Tax Act, 1961	0.27	1.72	1.99
(c)	Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	NIL	NIL	NIL
2.	Stock Options	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, specify (if any)	NIL	NIL	NIL
	Total (A)	**60.27**	**13.72**	**73.99**
	Ceiling as per the Act	The salary paid to the Directors is within the prescribed limits of the Act		

B. Remuneration to other directors:

During the financial year under review, the Company paid the following sitting fees to its Non-Executive Director and Independent Directors for attending the Board and Committee Meeting(s) as follow:

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors				Total
Name of Independent Directors	Mr. Sunil Kumar Sharma	Mr. Manmohan Handa	Dr. Hina Gokhale	Mr. Suresh Katyal	
Fee for attending Board / Committee Meeting	5.00	5.00	4.50	1.50	16.00
Commission	NIL	NIL	NIL	NIL	NIL
Others, Please Specify	NIL	NIL	NIL	NIL	NIL
Total (1)	**5.00**	**5.00**	**4.50**	**1.50**	**16.00**
Others Non - Executive Director	Mr. Sharad Virji Shah				
Fee for attending Board / Committee Meting	5.00				5.00
Commission	NIL				NIL
Other, please Specify	NIL				NIL
Total (2)	**5.00**				**5.00**
Total	**21.00**				**21.00**
Overall Ceiling as per the Act (₹ 1,00,000 Per Meeting)			The sitting fees paid to the Independent Directors and the Non-Executive Director is within the prescribed limits under the Act		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Ajit K. Sharma, Company Secretary	Mr. Harsh D. Bhansali, Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.58	15.00	25.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	3.03	3.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	**10.58**	**18.03**	**28.61**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the financial year under review, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

SHARAD VIRJI SHAH
Chairman and Director
DIN: 00622001

MUNJAL SHARAD SHAH
Managing Director
DIN: 01080863

Place: Navi Mumbai
Date: 06th July, 2021

Annexure - V

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 2020-21 are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy are available on www.parasdefence.com

2. The composition of the CSR Committee –

Mr. Munjal Sharad Shah	Chairman
Mrs. Shilpa Amit Mahajan	Member
Mr. Manmohan Handa	Member

3. Average Net Profit of the Company for last three financial years - ₹ 26,65,99,514/- (Rupees Twenty Six Crores Sixty Five Lakhs Ninety Nine Thousand Five Hundred and Fourteen Only)

4. Prescribed CSR Expenditure (two percent of the amount as per item 3 above) – ₹ 53,31,990/- (Rupees Fifty-Three Lakhs Thirty-One Thousand Nine Hundred and Ninety Only)

5. Details of CSR spent during the financial year:-

   (a) Total amount to be spent for the financial year – ₹ 53,50,000/-

   (b) Amount unspent if any – Nil

   (c) Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs (2) Overheads:**	**Cumulative expenditure up to the reporting period**	**Amount spent Direct or through implementing agency***
1	Health Care, Sanitation and providing Drinking Water	Promoting health care including preventive health care	Gujarat	53,50,000	53,50,000	53,50,000	53,50,000
	TOTAL						**53,50,000**

6. We Mr. Munjal S. Shah, Mrs. Shilpa A. Mahajan and Mr. Manmohan Handa, Members of the CSR Committee hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

SHARAD VIRJI SHAH	**MUNJAL SHARAD SHAH**
Chairman and Director	Managing Director
DIN: 00622001	DIN: 01080863

Place: Navi Mumbai
Date: 06th July, 2021

Annexure - VI

Form No. 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

Details of material contracts or arrangement or transactions at arm's length basis

Amount (In Lakhs)

(a) Name(s) of the related party and nature of relationship	Sharad Shah	Munjal Shah	Shilpa Mahajan	Ami Shah	Kaajal Bhansali	Amit Mahajan	Anish Mehta	Munjal Shah	Harsh Bhansali	Paras Green Optics Pvt. Ltd.	Paras Anti-Drone Technologies Pvt. Ltd.	Paras Aerospace Private Limited	Opel Technologies Pte. Ltd.
(b) Nature of contracts/ arrangements/ transactions	Sitting Fees	Managerial Remuneration	Managerial Remuneration	Salary to relative	Salary to relative	Salary to relative	Salary to relative	Lease Rent	Managerial Remuneration	Lease Rent	Lease Rent	Lease Rent	Sales
(c) Duration of the contracts / arrangements/ transactions	One year	Five years	Five Years	One Year	One Year	One Year	One Year	Eleven Months	-	Eleven Months	Eleven Months	Eleven Months	-
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	5.00	60.27	13.72	34.85	15.43	14.15	9.78	4.80	18.03	2.40	1.20	1.50	751.97
(e) Date(s) of approval by the Board, if any	15.12.18	7.9.19	7.9.19	7.9.19	7.9.19	7.9.19	15.5.16	7.3.20	24.3.20	09.10.20	02.03.21	09.10.20	30.06.20
(f) Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ON BEHALF OF THE BOARD OF DIRECTORS
OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

SHARAD VIRJI SHAH
Chairman and Director
DIN: 00622001

MUNJAL SHARAD SHAH
Managing Director
DIN: 01080863

Place: Navi Mumbai
Date: 06th July, 2021

Management Discussion & Analysis

Global Economy Overview

Global growth was projected to rise 3.4% for 2021, in terms of global gross domestic product (GDP)[1]. Many countries have provided large-scale macroeconomic support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets. Central banks in advanced economies have cut policy rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence. In many EMDEs, central banks have also eased monetary policy. The fiscal policy support that has been announced already far exceeds that enacted during the 2008-09 global financial crisis[2].

After the rebound in 2021, global growth is expected to gradually slow to about 3.5% into the medium term. This implies only limited progress towards catching up to the path of economic activity for 2020-25 projected before the pandemic for both advanced and emerging market and developing economies[3].

Graph 1 - Global Growth

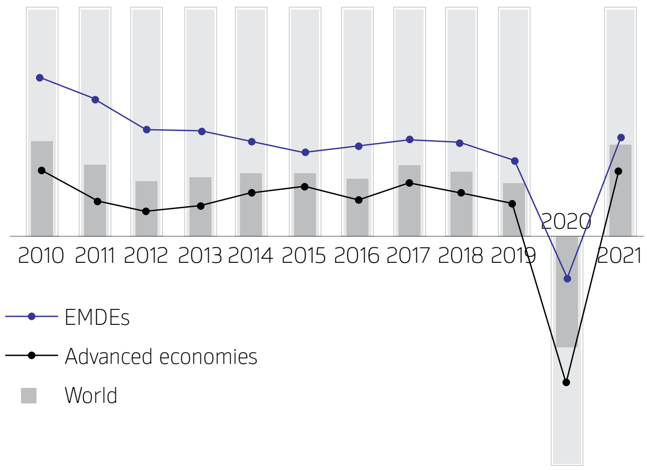


Table 1 – Global Growth

Year	World	Advanced Economies	EMDEs
2010	4.4	2.9	7.4
2011	3.3	1.6	6.5
2012	2.5	1.2	4.9
2013	2.7	1.4	5.0
2014	2.9	2.0	4.5
2015	2.9	2.3	3.9
2016	2.6	1.7	4.2
2017	3.3	2.5	4.5
2018	3.0	2.1	4.3
2019	2.4	1.6	3.5
2020	-5.2	-7.0	-2.5
2021	4.2	3.9	4.6

Indian Economy Overview

The COVID-19 pandemic and associated responses have adversely affected workforces, consumer sentiment, economies and financial markets around the world, including in India. In order to contain the spread of the COVID-19 pandemic, the GoI along with State Governments declared a lockdown in the country, including severe travel and transport restrictions and a directive to all citizens to shelter in place, unless essential. The lockdown required private, commercial and industrial establishments to remain temporarily closed.

After recording a growth of 8.2% in 2016-17, the Indian economy has followed a declining trajectory. The contraction of the global economy combined with increasing trade tensions between the US and China, and domestic economic policy shocks put a downward pressure on the Indian economy reducing its growth to 4.2% in 2019. The post COVID-19 estimates also show an economy under pressure. The economy is projected to recover to pre-COVID-19 growth rates of 2.8% in 2021.

For the Indian economy, private consumption and investment are the two biggest engines for growth. The discretionary spending on non-essential goods has declined drastically due to rising unemployment and fears of future job losses. While currently supply-side constraints are slowly easing, a potential surge in the COVID-19 pandemic would disrupt supply chains, and inhibit productivity, which in turn affect the pace at which industrial production and investment return to normal. The Government has announced two stimulus packages amounting to 10% of the GDP, to reduce the impact of the pandemic on the economy. However, these stimulus packages could have future adverse financial implications if not managed properly, because of the cost of borrowing and expansion of debt and deficits.

The path to recovery will depend on how long the pandemic lasts and how quickly the vaccine can be made available to a population of 1.3 billion people[4]. Even if the health crisis is managed by mid-2021, the economic recovery will be slow and uneven with adverse consequences on output, employment, and financial stability. Both private consumption and investment demand will take a long time to recover. However, the impact on a few sectors such as defence will be limited.

Defence Industry

Global Defence Industry & Trends

Global defence spending touched $1.93 trillion in 2019, which was an increase of 3.6% over such corresponding spending in 2018, and the largest annual growth since 2010. The five largest spenders, accounting for 62% of the total global spend, were the United States, China, India,

[1]January 2020 WEO Update by IMF

[2]Frost & Sullivan, World Bank

[3]Frost & Sullivan, IMF

[4]Frost & Sullivan

Saudi Arabia and Russia. Rise in geopolitical disputes, such as the on-going flare up between the United States and China, was the major reason fuelling this increase in spending. There are five major trends that govern the nature of defence equipment related demand and military research & development, namely, i) ISR, ii) signature reduction, iii) network centric warfare, iv) autonomy; and v) system resilience.

ISR solutions generally include space and defence electro optics relay visuals, enemy location and other datasets to commanders and enable effective decision making and de-risking assets on the ground. Accordingly, signature reduction is gaining more precedence as a key priority in defence equipment design and upgrades. Currently, 'Shielded Electronics' and advanced cooling systems that reduce thermal signatures are emerging as a norm in defence technology. Network centric warfare ('NCW') ensures that critical information gets to those who need it fast, across the chain of command. NCW operations exploit increasing processing power, improved communication, data transfer capabilities and cost-effective sensors. For instance, it is expected that the Indian Army will become network centric across all echelons of command - from platoon level to theatre level over the next decade, driving procurement of electronics intensive C4ISR equipment.

Further, as computing power increases over the next few years, combined with the advent of millimetre wave communications, it is expected that artificial intelligence will become more advanced with little human oversight necessary for operations. Most new autonomous systems are being developed with cost effectiveness in mind and therefore a large portion of the technology and sub systems will be sourced from the commercial sector (which is more mature than the defence sector in autonomous technologies). These solutions will be developed with the involvement of a wide raft of tier 2 and tier 3 defence companies, which will supply specialized subsystems such as Command, Control and Computers equipment and displays, electro optics payloads, remote weapon mounts, communication equipment, modular weapon systems and associated heavy engineering. In the future, a higher level of EMP protection that does not compromise on size and weight parameters of defence equipment will be sought after.

Indian Defence Industry

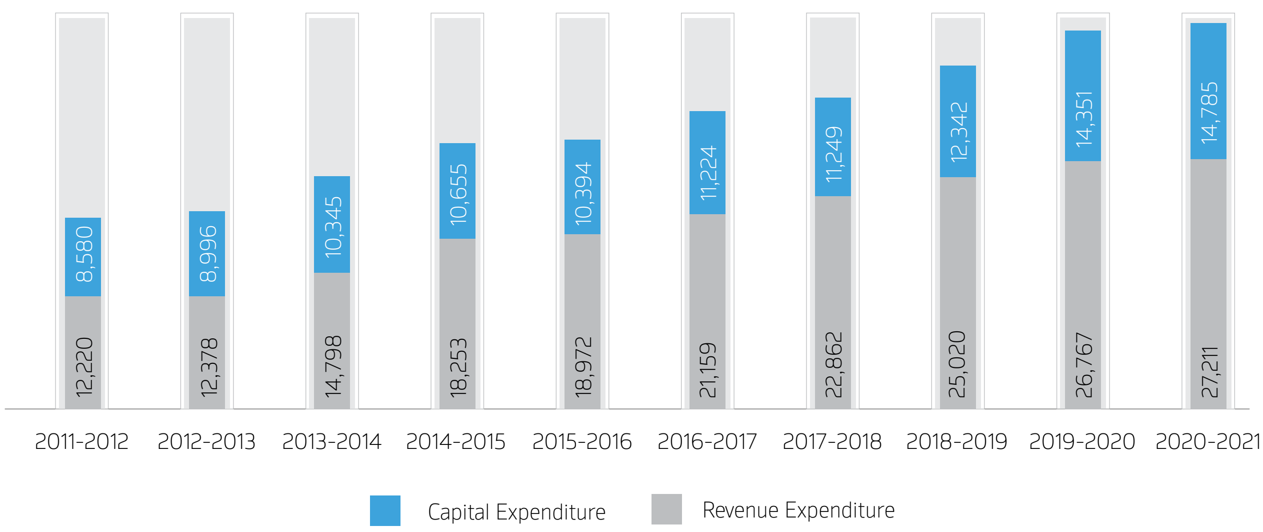
Indian defence spending has been steadily increasing since 2000 and is estimated to be $61.23 billion in 2020, as set out below, growing at a CAGR of 11.26%. The key drivers for budget expansions are the geo-political threats faced from China and Pakistan, the need to reduce obsolescence levels of the Armed Forces; and the acquisition of new war fighting capabilities and force multipliers. Both capital and revenue expenditures of the Indian Armed Forces have increased over the years.

Almost 59% of the total defence budget allocation is towards meeting salary and pension requirements of the 1.3 million strong armed forces and the same has been excluded in the details set out above. Of the Ministry of Defence's (MoD) total allocation for 2020, revenue expenditure amounts to 66% and capital expenditure amounts to 34%. Whilst the Armed Forces-wise split of the budget, as indicated below, shows the Indian Army as the major recipient of spending, the Army's capital acquisition is the most stymied of the three Forces and thus has the lowest capital share.

The Army's capital acquisition budgets declined from a high of 26% in 2007 to 18% in 2020 both because of increases in pensions and allowances and because of extensive delays, ambiguities and road blocks in future procurement programmes such as the Future Infantry Combat Vehicle (FICV) and Future Ready Combat Vehicle (FRCV). The Air Force accounts for $9,490 million, while the Navy has $6,500 million allocated towards capital procurement.

India has embarked on a comprehensive military modernization plan, revolving around equipment upgrades such as purchase of new rifles, carbines, combat aircraft, rotary wing aircraft, artillery, ammunition and force multipliers involving network centric warfare, electronic warfare suites, and air-defence systems, among others. 14 new contracts for new procurements involving T-90 tanks (worth $2.68 billion), anti-submarine warfare shallow watercraft (worth $1.69 billion) and Akash Missile Systems (worth $717.53 million) were signed in the first 10 months of 2019-20. A total of $12 billion Buy and Make (Indian) capital procurement proposals (32 in total) have been cleared[4].

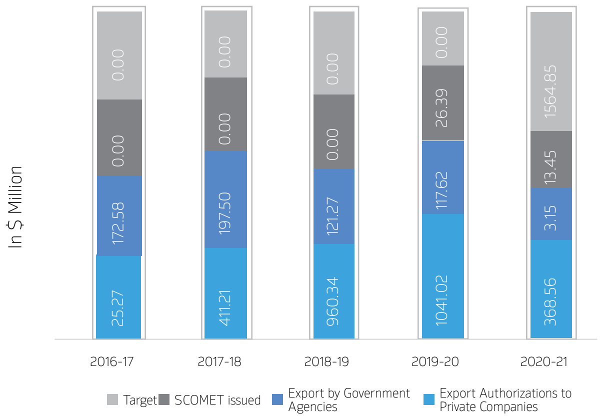
Graph 2 - Capital and revenue expenditures of the Indian Armed Forces



Defence Exports

India's defence exports and imports used to be at two ends of a continuum with a massive trade deficit skewed against Indian indigenous production. The Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database indicates that India remained the largest importer of defence equipment in the 2012-16 timeframe with its share in global arms imports increasing from 9.7% in 2007–11 to 12.8% in 2012-16. Compared to the above, India's arms exports contributed to only a small percentage of global arms trade during this time. However, there has been a substantial increase in Indian defence exports in the 2016-19 timeframe as per Graph 3.

Graph 3 - Indian Defence Exports



The figures from Department of Defence Production indicate that in the last four years India's defence exports have increased by over 5.5 times compared to the 2016-17 baseline and that the target for 2020-21 is $2 billion. The increase in exports can be attributed to modifications of export policy made in order to make it easier for companies to get export licenses. Indian companies are currently authorized to sell equipment to 42 countries. Indian Tier 2 and Tier 3 defence companies will have opportunities to embed themselves into global defence supply chains moving forward. Further, with increased indigenization, private sector competition and innovation will increase, eventually leading to an expansion of segments that can be leveraged for export.

Industry Drivers

- **Atmanirbhar Bharat Initiative**

  Atmanirbhar Bharat Abhiyan, which translates to "self-reliant India", is the Indian government's drive to stimulate local production and manufacturing in the wake of COVID-19's anticipated economic impacts. Reforms and easing of policy were announced for different sectors including the defence industry.

- **Defence Acquisition Procedure**

  The main underlying principles of the procurement policy are making the acquisition procedure as transparent as possible and promoting the indigenous industry in line with Atmanirbhar Bharat initiative. While the Defence Acquisition Procedure aims at transparency by the appointment of committees which take a joint decision on acquisition, it aims to galvanise domestic manufacturing by giving preference to products with Indigenous Content, and better implementation of defence offsets. The Defence Acquisition Procedure has also introduced several new provisions in addition to existing ones, which aim to boost the indigenous industry, such as:

  o **Capital Acquisition Categories**

  There are 6 main capital acquisition categories in the Defence Acquisition Procedure which are differentiated on the basis of whether the equipment is being manufactured by a domestic player or a foreign OEM and further on the IC. There is also an additional category of Strategic Partnership Model ('SPM'). Companies which have indigenous design and development capability are given preference over others in the acquisition policy. The categories are Buy (Indian IDDM), Buy (Indian), Buy and Make (Indian), Buy and Make, Buy (Global-Manufacture in India), Buy (Global), Strategic Partnership Model.

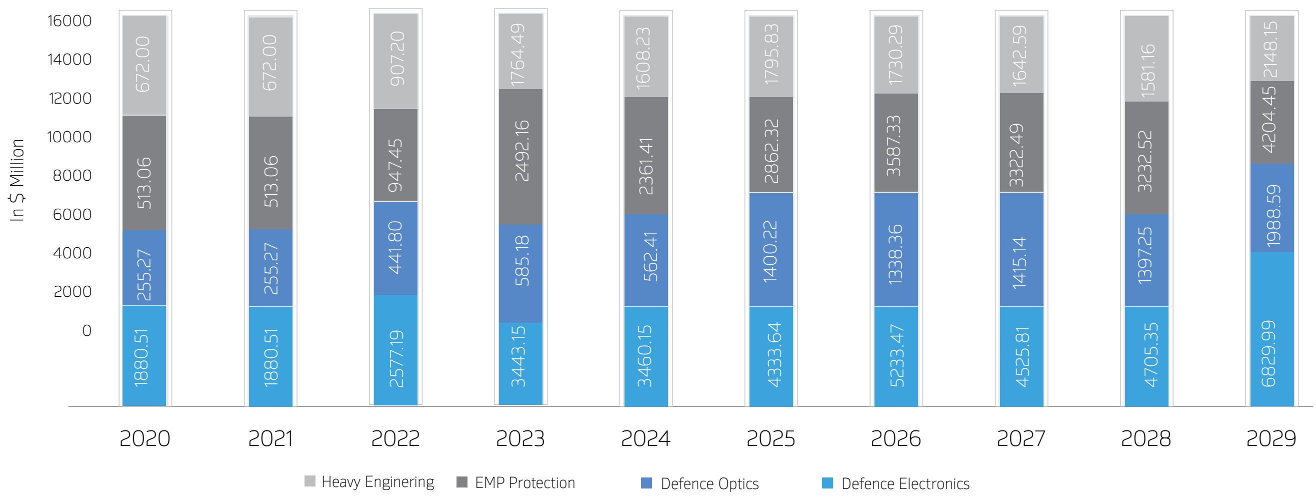
  o **Defence Offsets**

  The aim of defence offsets is to offset the foreign import bill by ensuring that the vendor directs 30% (or as applicable under the particular category) of the total contract cost to either source defence equipment and components from India or facilitate transfer technology.

Forecast and Opportunities

As modernization of the Indian Defence sector becomes more technology oriented, four major segments will become key contributors to most emerging programs, namely, Defence Electronics, Defence Optics, EMP Protection and Heavy Engineering. The Indian defence establishment will increasingly look at sourcing these segments from local suppliers because of the Atmanirbhar Bharat initiative, and increasing levels of well-established R&D, quality standards and manufacturing capabilities in these segments. Whilst currently, the outlays to these segments made to Indian companies are in the order of approximately $3.21 billion, by 2029 the spending will increase to over approximately $13.4 billion because of extensive fleet recapitalisation, C4ISR orientation and greater indigenous supply preferences. The cumulative market in the time frame 2020-2029 is expected to be approximately $79.3 billion, refer Graph 4.

Graph 4 - Forecast & Opportunities



The Defence Electronics segment will see extensive indigenization over the next decade. Defence Electronics make up 25- 35% the cost of most platforms used by the Indian Armed Forces. Accordingly, platform recapitalisation programmes across all three forces such as new combat aircraft acquisition, submarine building and T-72 replacement will be key contributors to future market valuation of this product segment. The market for Defence Electronics will grow from approximately $1.94 billion in 2020 to approximately $7.03 billion in 2029. The cumulative market opportunity for this segment will be in the order of approximately $39 billion, making this segment the largest amongst the four.

The Defence Optics Segment is forecasted to grow from approximately $92.42 million in 2020 to approximately $415.22 million in 2029. Airborne Combat and ISR capability expansion will be a major driver of this segment, along with land forces modernization. The Naval contribution to this segment will be limited in comparison to the Air Forces and Land Forces.

EMP Protection is being more closely integrated to platform design and future platform procurements will therefore include much greater investments in this segment. Apart from being part of the aforementioned Defence Electronics related opportunities, stand-alone opportunities will arise because India is expected to enhance protection levels of its forward Command and Control infrastructure and bases from potential Chinese high-altitude electromagnetic pulse weapon attacks.

Heavy Engineering related requirements in defence are becoming increasingly specialized because emerging military technologies such as hypersonic weapons have complex material engineering requisites. As future platforms will have more sensor and electronics densities, using "meta-materials" and cooling systems to reduce platforms signatures will become a major priority for defence forces. Engineering expertise and capability to work with metals such as Titanium that has greater strength to weight ratio will be sought after in the Indian market, especially as the Navy increases its fleet of submarines. Thus, the Heavy Engineering segment with a market valuation of approximately $696.49 million in 2020 will grow to approximately $2.21 billion by 2029.

Space Industry

Global Space Industry and Trends

Around 23,329 satellites are expected to be launched between 2020 and 2030, while 2,046 small satellites have been launched between 2015 and 2020 (as on 30 September 2020). The availability of affordable launch capabilities has enabled new small-satellite operators without specific satellite engineering experience to enter the space industry, especially in downstream value-added services. However, access to affordable and relevant launch services remains a primary concern, since the launch services market currently lacks the capacity and capability to meet the rising demand. Additionally, government agencies are pushing their space market agenda forward globally, and many of them have taken to enhancing their respective space economies, enabling their respective market participants to fit into the global space industry value chain.

Indian Space Industry

The India Space Program was initiated with the launch of the first satellite Aryabhatta in 1975. The Indian space industry has been driven and enabled by the national space agency, ISRO. Some of the key milestones for ISRO have been set out along with Chandrayaan and Mangalyaan missions being the key missions highlighting the technical capabilities of ISRO. These missions have had trickledown effect in terms of technological capability building for its suppliers i.e. component and system manufacturers. Suppliers like the Paras Defence and Space Technologies have established a strong foothold in the domestic space industry by being the supplier of Optics & Opto-Mechanical Assemblies for these space exploration missions.

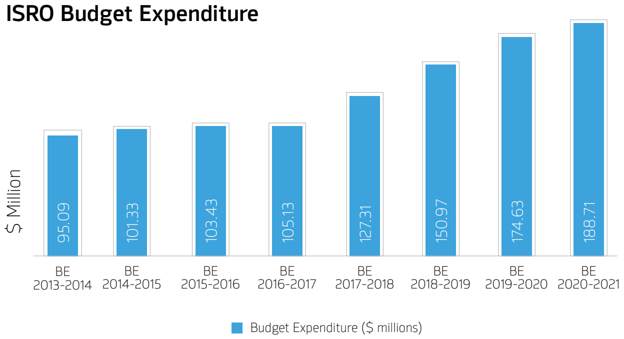
Further, the DoS is creating opportunities for the Indian space program to better engage with existing and new private participants while evolving from a supply-based model to a demand-based model. To support this objective, it has created a new commercial business unit called NewSpace India Limited NSIL. NSIL is expected to improve and expand the ongoing commercialization effort to integrate the private participants with the Indian space program. This is expected to create more new opportunities for private participants including for the Paras Defence and Space Technologies.

Expenditure in the Space Industry in India and Forecasts

ISRO's budget has been steadily increasing – refer Graph 5, with a focus on human spaceflight and space exploration missions and increase in the number of planned missions, majority of which include EOs. This represents an increase in existing opportunity for the Paras Defence and Space Technologies, which as a supplier to ISRO, has been a part of most of the EO and space exploration missions in the past few years.

Graph 5

ISRO Budget Expenditure



ISRO's revenue expenditure has been increasing since 2015-16 from $904.67 million to $1,708 million 2019-2020 and is forecasted to grow to $2,060 million. ISRO's establishment expenditure is increasing due to the incorporation of NSIL and Indian National Space Promotion and Authorisation Centre. Since 2018, ISRO has been allocating the establishment expenditure to support the incorporation and operations of the new commercial arms and this cumulatively amounts to $120. A similar increase can be observed in the case of space technology from $565.50 million to $1,486 million. This expected rise is due to increase in contract manufacturing, with increased serial production capability of satellites and launch vehicles.

Demand generated by outsourcing of satellite components manufacturing will encourage new participants across the globe to set up shop in India to support the space industry. Private participants are outsourcing serial production activities based on production rate, capability, and cost of production.

Forecasts

The recently announced Atmanirbhar Bharat initiative will have a distinct focus on domestic participants. This is in addition to ₹ 24.53 million for machinery and equipment and ₹ 33.36 million for contractual services for the same time period. Ongoing efforts will result in spending on space imaging capabilities, which will create opportunities for domestic participants specializing in space imaging systems and components. The 'Atmanirbhar Bharat' Agenda will drive procurement efforts to prioritize Indian participants over international ones. The latter will remain eligible for opportunities if they have partnership deals with the former.

ISRO's efforts to enable domestic private participants to outsource space systems manufacturing, a strong focus on EO missions, and the Atmanirbhar Bharat initiative collectively contribute to a strong environment of growth opportunities for Indian participants, especially those in partnerships with international participants. With private operators entering the market, the demand for manufacturing across the satellite, subsystem, and component levels will grow, as the customer base will have participants other than ISRO investing in such capabilities. This will further drive the growth of the Indian space ecosystem, creating opportunities for international space market participants and investment groups, as technological and financial support from the global space value chain participants will be in demand.

Regulatory framework and Policies

Recent space policy and other developments:

Recent announcements related to changes in the space policy have opened opportunities for the private players in the domestic market.

- **SATCOM Policy**

  The SATCOM policy prioritizes the utilization of Indian satellites over international ones. Further, proposals prioritizing the utilization of Indian satellite capacity will be preferred to others and the use of foreign satellites over Indian territory is allowed on a case-to-case basis. Local telecom operators will have to choose the capacity of domestic satellites if the requirements are adequately met for easy approval. The satellite capacity is centrally allocated by an organization, which limits the flexibility of both the satellite service provider and the customer.

- **Remote Sensing Policy**

  The Government has adopted a comprehensive Remote Sensing Data Policy (RSDP) for the acquisition and distribution of remote sensing satellite data, from Indian and foreign satellites, for the civilian users in India. The policy comprehensively covers guidelines for satellite data acquisition and distribution in the country and for licensing the Indian Remote Sensing (IRS) capacities to other countries.

Recent Space Policy Announcements

- The Union Finance Minister announced that a level-playing field will be provided for private participants in satellites, launches, and space services. A level-playing field will allow for a shift from a monopolistic market to an inclusive space sector for private participants. Permitting the establishment of a launchpad and sharing the technical expertise with the launch service providers will enable frequent launches from India, along with the opportunity to for domestic launches, instead of relying on international spaceports.

- On June 24, 2020, IN-SPACe was set up to act as a nodal agency to permit and oversee the activities of private space participants, which will have its own directorates for security, legal, promotional, and monitoring purposes. IN-SPACe will permit the utilization of facilities under the DoS and the building of new facilities by private participants within the DoS premises. This will provide opportunities for private space participants to access testing facilities at lower costs, reducing the technology realization timeline.

- The re-orientation of NSIL to a supply-driven model (from a demand-driven model) will ensure the optimal utilization of space assets through technology transfer for small-satellite manufacturing, SSLVs, and PSLVs via the government owned-contractor-operated (GOCO) model. This will increase manufacturing opportunities for space participants through consortiums. With technology transfer from ISRO through NSIL, New Space participants will be able to establish their ground in the serial production of small satellites and launch vehicles.

- Space exploration and outer space travel projects will be open for private participants. Involvement of private participants in space exploration missions will provide the necessary base for building their technological know-how, and ISRO can leverage this expertise and R&D from existing capabilities across the industry.
- Geospatial data policy and SATCOM will be revised to provide industry-specific solutions to enable the inclusion of private space participants. A new navigation policy will also be set up. Accordingly, such policy revisions for geospatial data and SATCOM will allow for increased participation from private participants and, hence, the development of near real-time solutions by these stakeholders, based on specific industry requirements.
- Space Activities Bill will define space activities, liabilities, and other related aspects and will create a regulatory environment and clear guidelines for permits.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are an Indian private sector company engaged in designing, developing, manufacturing and testing of a wide range of defence and space engineering products and solutions. We are one of the leading 'Indigenously Designed Developed and Manufactured' ("IDDM") category private sector companies in India, which caters to four major segments of Indian defence sector i.e. defence and space optics, defence electronics, electro-magnetic pulse ("EMP") protection solution and heavy engineering. We are also the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. Our goal is to become one of the leading global companies for optics for defence and space sector.

Our consolidated total income was ₹14,460.54 lakhs, ₹14,905.06 lakhs for the fiscal years ended March 31, 2021 and March 31, 2020 respectively. Our consolidated profit after tax was ₹1,578.61 lakhs, ₹1,965.74 lakhs for the fiscal years ended March 31, 2021 and March 31, 2020 respectively.

Domestic and global demand for our products

We primarily cater to the requirements of the Indian market. We derive most of our revenues under the contracts from the Government and associated entities such as defence public sector undertakings and ISRO. Our revenues are distributed between government organisations, private sector companies and exports in defence and space sectors. We derived 50.84% and 28.75% of our total revenue from operations from government organisations for Fiscal 2021 and Fiscal 2020, respectively, 32.29% and 58.75% of our total revenue from operations from private sector organisations for Fiscal 2021 and Fiscal 2020 and 16.87% and 12.50% of our total revenue from operations from exports in defence and space sector. While our revenues are distributed between the government organisations, private sector companies and exports in defence and space sectors, there may be variations in the proportion in which the three sources contribute to our revenue basis factors such as market demand and policy changes in India and outside India.

Indian defence exports crossed the $ 1 billion mark in 2018-2019. There was a dip in the exports in 2020-2021 largely attributable to supply chain and manufacturing disruptions which have eased now. According to Frost & Sullivan, the share of India in global defence exports was pegged at 0.2% for the period 2016-2020 as compared to 0.1% in the period 2011-2015 up by 288%.

Further, with respect to the space sector, domestic participants in the market are agile in their approach by addressing the emerging market demand. On passing of the National Space Policy and the Draft Space Activities Bill, 2017, a regulatory framework will be established for operation within the Indian space market. This will attract new participants and increase local competition. However, the companies with an established launch history will have a competitive edge. According to Frost & Sullivan, with multiple international players willing to enter the Indian market and open to partnerships, the domestic private space ecosystem will flourish in medium-term.

Impact of Covid-19 on our operations and financial condition

In late calendar 2019, COVID-19, commonly known as "novel coronavirus" was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020. The COVID-19 pandemic and associated responses have adversely affected workforces, consumer sentiment, economies and financial markets around the world, including in India.

The Covid-19 pandemic had an impact on our Company earlier than most other Indian companies due to our dependencies on countries like South Korea and its neighbouring countries for our raw materials. While, our operations restarted since the middle of April 2020 under special permission from MIDC, we could operate at 10% of our capacity and a majority of the workforce were restricted from resuming our manufacturing activities, including in relation to the pending orders. As the restrictions on movement were gradually lifted, we were able to resume operations in a phased manner between May and August 2020.

While our Company employed the appropriate safety precautions and travel arrangements for our employees, we could not start significant operations or generate substantial revenues till August 2020, due to low attendance, lack of support from ancillary industries which were not functional at the time, impediments in logistics of domestic and imported goods and non-availability of our customers for inspection and clearances. Due to COVID-19, in the first half of Fiscal 2021 our Company's operations and revenue were impacted leading to a decrease in overall revenue from operations by 2.53% to ₹ 14,332.99 lakhs for Fiscal 2021 compared to ₹ 14,704.28 lakhs for Fiscal 2020. However, during the second half of Fiscal 2021, the operations of our Company have improved and the Company was able to maintain its profitability.

Income and Expenditure

Our income and expenditure are reported in the following manner

Income

Our income comprises of revenue from operations and other income.

Revenue from Operations

Our revenue of operations consists of revenue from the sale of products and services towards defence and space programmes. Revenue from operations accounted for 99.12%, 98.65% of our total income for Fiscals 2021 and 2020 respectively.

Other Income

Our other income consists of interest income derived from a financial asset, dividend income and rental income from operating leases. Other income accounted for 0.88% and 1.35% of our total income for Fiscals 2021 and 2020 respectively.

Expenditure

Our expenses primarily comprise of the following:

Cost of materials comprises of consumption of raw material, stores and spares parts and consumables which are directly used in manufacture of the products. The key materials consumed include germanium, zerodur, titanium, maraging steel, electronic components, filters, power supplies and aluminium. Cost of raw materials consumed accounted for 41.77% and 50.31% of our revenue from operations for Fiscals 2021 and 2020 respectively.

Purchases of stock in trade comprises of components such as electronic components and electronic boards. Purchases of stock in trade accounted for 9.41% and 0.29% of our revenue from operations for Fiscals 2021 and 2020, respectively.

Changes in inventories of finished goods, work in progress and stock in trade were as a result of increase in production and supply of our products. Changes in inventories of finished goods, work in progress and stock in trade accounted for (5.61)% and (1.08)% of our revenue from operations for Fiscals 2021 and 2020 respectively.

Employee benefit expenses arising from salaries, bonuses, wages, contribution to provident fund, gratuity, employees' state insurance. Employee benefit expenses accounted for 8.12% and 7.36% of our total income for Fiscals 2021 and 2020 respectively.

Finance costs comprises of interest expenses on term loans, unsecured loans, deposits. Finance costs accounted for 8.58% and 6.56% of our total income for Fiscals 2021 and 2020 respectively.

Depreciation and amortisation expenses comprises of expenses on depreciation and amortization. Depreciation and amortization expenses accounted for 6.68% and 6.52% of our total income for Fiscals 2021 and 2020 respectively.

Other expenses comprise primarily of manufacturing expenses, selling and distribution expenses, administrative expenses and other miscellaneous expenses. Other expenses accounted for 15.82% and 16.09% of our total income for Fiscals 2021 and 2020 respectively.

Tax Expenses

Tax expenses comprise the current tax and the deferred tax.

Results of Operations and Financial Condition

The following table sets forth the restated consolidated statement of profit and loss of our Company and Fiscals 2021 and 2020 the components of which are also expressed as a percentage of our total income for such periods.

Particulars	Fiscal 2021		Fiscal 2020	
	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%
Revenue from Operations	14332.99	99.12%	14704.28	98.65%
Other Income	127.55	0.88%	200.78	1.35%
Total Income	**14460.54**	**100%**	**14905.06**	**100%**
Expenses				
Cost of materials consumed	5986.72	41.40%	7397.48	49.63%
Purchases of Stock in Trade	1348.71	9.33%	43.14	0.29%
Change in inventories of finished goods, work-in-progress and Stock in trade.	(804.40)	(5.56) %	(158.10)	(1.06)%
Employee benefits expense	1173.77	8.12%	1096.40	7.36%
Finance costs	1240.93	8.58%	977.27	6.56%
Depreciation and amortisation expense	965.36	6.68%	971.19	6.52%
Other expenses	2288.44	15.82%	2398.46	16.09%
Total Expenses	12199.53	84.36%	12725.84	85.38%
Profit before tax	**2261.01**	**15.64%**	**2179.22**	**14.62%**
Tax expenses				
Current tax	728.57	5.04%	661.85	4.44%
Deferred tax	(46.17)	(0.32) %	(448.78)	(3.01)%
Income Tax for Earlier Years	–	–	0.41	0.003%
Total tax expenses	682.40	4.72%	213.48	1.43%
Profit for the year	**1578.61**	**10.92%**	**1965.74**	**13.19%**

Results of Operations for Fiscal 2021 compared to Fiscal 2020

Income

Our revenue from operations decreased by 2.53% to ₹ 14332.99 lakhs for Fiscal 2021 compared to ₹ 14704.28 lakhs for Fiscal 2020. This decrease in revenue from operations was primarily due to disruption in supply chain and slowdown in India due to the Covid-19 pandemic.

Other income decreased by 36.47% to ₹ 127.55 lakhs for Fiscal 2021 compared to ₹ 200.78 lakhs for Fiscal 2020. This decrease in other income was primarily due to decrease in export incentives and other miscellaneous income

Expenses

Our total expenses decreased by 4.14% to ₹ 12199.53 lakhs for Fiscal 2021 compared to ₹ 12725.84 lakhs for Fiscal 2020. This decrease in expenses was primarily due to increase in the efficiency of our supply chain management and for reasons as set out below.

Cost of materials consumed

Our cost of materials consumed decreased by 19.07% to ₹ 5986.72 lakhs for Fiscal 2021 compared to ₹ 7397.48 lakhs for Fiscal 2020. This decrease was primarily due to (i) changes in product and order mix, specifically an increase in the proportion of space optics manufacturing projects, since the cost of raw materials involved in such projects is considerably lesser; and (ii) an increase in the efficiency of our supply chain management.

Purchases of stock in trade

Our expense towards purchases of stock in trade increased by 3,026.36% to ₹ 1348.71 lakhs for Fiscal 2021 compared to ₹ 43.14 lakhs for Fiscal 2020. This increase in purchases of stock in trade is primarily due to significant increase in the revenue from operations of and orders of our overseas subsidiary, Opel Technologies Pte. Ltd. ("Opel") since, Opel does not have a manufacturing facility and purchases goods from our Company to fulfil such orders.

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

Our change in inventories of finished goods, work-in-progress and stock in trade increased by 408.79% to ₹ (804.40) lakhs for Fiscal 2021 compared to ₹ (158.10) lakhs for Fiscal 2020. This increase was primarily due to the longer production cycles of our business involving space programmes, pending orders from the previous financial year including due to effect of COVID-19, and due to an increase in an order book.

Employee benefits expense

Our employee benefits expense increased by 7.06% to ₹ 1173.77 lakhs for Fiscal 2021 compared to ₹ 1096.40 lakhs for Fiscal 2020. This slight increase was primarily due to expansion of manufacturing, design and development team.

Finance costs

Our finance costs increased by 26.98% to ₹ 1240.93 lakhs for Fiscal 2021 compared to ₹ 977.27 lakhs for Fiscal 2020. This increase was primarily due to extended borrowings obtained for mitigating the risks and to secure the long production cycles in order to avoid the uncertainties arising out of the COVID 19 pandemic.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense decreased by 0.60% to ₹ 965.36 lakhs for Fiscal 2021 compared to ₹ 971.19 lakhs for Fiscal 2020. This slight decrease was due to a decrease in gross block of assets.

Other expenses

Our other expenses decreased by 4.59% to ₹ 2288.44 lakhs for Fiscal 2021 compared to ₹ 2398.46 lakhs for Fiscal 2020. This decrease was primarily due to decrease in travelling and conveyance, advertisement and business promotion and other miscellaneous expenses.

Profit before Tax

As a result of the foregoing factors, our profit before tax increase by 3.76% to ₹ 2261.01 lakhs for Fiscal 2021 compared to ₹ 2179.22 lakhs for Fiscal 2020. This increase was on account of the reasons as set out above, including due to a decrease in the expenses.

Tax Expenses

Our tax expenses increased by 219.66% to ₹ 682.40 lakhs for Fiscal 2021 compared to ₹ 213.48 lakhs for Fiscal 2020. This increase was primarily due to an increase in the net taxable income and the tax thereon

Profit for the Year

As a result of the foregoing factors, our profit for the year decreased by 19.69% to ₹ 1578.61 lakhs for Fiscal 2021 compared to ₹ 1965.74 lakhs for Fiscal 2020.

Other Comprehensive Income

Our total other comprehensive income (net of tax) was ₹ (30.94) lakhs in Fiscal 2021 compared to ₹ (59.90) lakhs in Fiscal 2020.

Total Comprehensive Income

As a result of the foregoing, our total comprehensive income decreased by 20.54% from ₹ 2025.64 lakhs for Fiscal 2020 to ₹1609.55 lakhs for Fiscal 2021.

Cash Flows

The table below summarises the statement of cash flows, as per our restated statement of cash flows (consolidated), for the respective period indicated below.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net cash (used in)/ generated from operating activities	428.53	(260.10)
Net cash used in investing activities	(626.39)	(487.39)
Net cash generated from financing activities	537.91	855.03
Cash and cash equivalents at the beginning of the year	125.36	17.88
Cash and cash equivalents at the end of the year	468.26	125.36

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.

Contingent Liabilities

As of March 31, 2021, our contingent liabilities that have not been provided for were as follows:

(₹ in Lakhs)

Particulars	Amount
Income tax	88.74
Customs Act	12.00
Guarantee's given by our Company's bankers	2122.21
Letter's of Credit opened in favour of the suppliers	547.99
Total	**2770.94**

FINANCIAL STATEMENTS

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, 2021, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit including other comprehensive income, the 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.

Emphasis of Matter

We draw your attention to the Note no. 40 to the Standalone Financial Statements, which describes the uncertainties related to COVID-19 Pandemic and its consequential effects on the affairs of the Company.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors report and Chairman's statement included in the annual report but does not include the Standalone Financial Statements and our auditor's report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 changes in equity of the Company 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.

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.

Report on Other Legal and Regulatory Requirements

1. 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, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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"of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

   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:

   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. 33 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of CARO 2016.

For **CHATURVEDI & SHAH LLP**
Chartered Accountants
Firm Reg. No. 101720W / W100355

R. KORIA
Partner
Membership No. 35629
UDIN No.: 21035629AAAACA6300

Mumbai
Date: July 06, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on Standalone Financial Statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED for the year ended March 31, 2021)

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, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 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 system with reference to standalone financial statements.

Meaning of Internal Financial Controls 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls 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 system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company 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

R. KORIA
Partner
Membership No. 35629
UDIN No.: 21035629AAAACA6300

Mumbai
Date: July 06, 2021

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 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, 2021)

i. In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

b. As explained to us, the Company has physically verified certain assets, 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 given to us and on the basis of our examination of the records of the Company, the original title deeds of immovable properties, as disclosed in Note no. 2 to the Standalone Financial Statements, have been deposited with the lenders, we have been produced the photocopy of the title deeds of those immovable properties and based on such documents, the title deeds are held in the name of the Company.

ii. As explained to us, inventories have been physically verified during the year by the management, except for inventories with job worker for which management confirmation has been received. In our opinion the frequency of verification is reasonable. Discrepancies noticed on physical verification of the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company and the same have been properly dealt with.

iii. In respect of loans, secured or unsecured, granted by the Company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act:

a. The Company has granted unsecured loan to only its subsidiaries. In our opinion and according to the information and explanation given to us, the terms and conditions on which the loan had been granted were not, prima facie, prejudicial to the interest of the Company.

b. The terms of repayment of principal and payment of interest have been stipulated and the receipts are regular, where applicable.

c. There is no outstanding amount in respect of such loans as on March 31, 2021, so the question of overdue doesn't arise.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, as applicable, in respect of grant of loans and making investments. The Company has not provided any guarantee or security.

v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of paragraph 3 (v) of the CARO 2016 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 Companies Act, 2013, 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 been generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2021 for a period of more than six months from the date they became payable except income tax amounting to ₹ 221.07 Lakhs.

b. According to information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax which have not been deposited with the appropriate authorities on account of any dispute except as mentioned below:-

Nature of Dues	Statute	Period Involved	Amount (₹ in Lakhs)	Forum where dispute is pending
Custom Duty	The Customs Act, 1962	2019-20	12.00	Additional Commissioner
Income Tax	The Income Tax Act, 1961	2007-08, 2009-10 to 2015-16, 2019-20	88.74	Commissioner / CPC
		Total	**100.74**	

viii. Based on our audit procedures and information and explanations given by the Management, during the year the company has not defaulted in repayment of loans or borrowing to any financial institution, bank and Government. The Company does not have any borrowings from debenture holders.

ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year were utilised for the purpose for which it has been raised.

x. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and on the basis of information and explanations given by the management, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of paragraph 3 (xii) of the CARO 2016 are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements etc. as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not made any allotment of fully or partly convertible debentures. The Company has made preferential allotment / private placement of equity shares and Optionally Convertible Preference Shares in compliance with Section 42 of the Companies Act, 2013 and the amount raised have been used for the purpose for which the funds were raised.

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. Therefore, the provisions of paragraph 3 (xv) of the CARO 2016 are not applicable to the Company

xvi. In our opinion and according to 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.

For **CHATURVEDI & SHAH LLP**
Chartered Accountants
Firm Reg. No. 101720W / W100355

R. KORIA
Partner
Membership No. 35629
UDIN No.: 21035629AAAACA6300

Mumbai
Date: July 06, 2021

STANDALONE BALANCE SHEET

as at 31st march, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2021		As at 31.03.2020	
I. ASSETS					
1) Non Current Assets					
(a) Property, Plant and Equipment	2	15,500.84		15,578.42	
(b) Capital Work in Progress	2	51.12		490.50	
(c) Intangible Assets	3	149.70		204.44	
(d) Financial Assets					
i) Investments	4	114.78		8.05	
ii) Other Financial Assets	5	119.03		24.03	
(e) Other Non Current Assets	6	119.06	**16,054.53**	138.40	**16,443.84**
2) Current Assets					
(a) Inventories	7	7,436.72		6,033.95	
(b) Financial Assets					
i) Trade Receivables	8	9,496.86		9,725.78	
ii) Cash and Cash Equivalents	9	402.22		119.92	
iii) Bank Balances other than (ii) above	10	358.98		312.60	
iv) Loans	11	4.92		9.61	
v) Other Financial Assets	12	48.36		67.44	
(c) Other Current Assets	13	1,940.52		1,226.44	
		19,688.58		**17,495.74**	
(d) Assets held for Sale	41	411.99	**20,100.57**	250.66	**17,746.40**
TOTAL ASSETS			**36,155.10**		**34,190.24**
II. EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share Capital	14	2,985.31		2,841.26	
(b) Other Equity	15	17,651.76	**20,637.07**	14,458.66	**17,299.92**
LIABILITIES					
1) Non Current Liabilities					
(a) Financial Liabilities					
i) Borrowings	16	2,552.94		3,675.04	
ii) Lease Liabilities	17	-		10.12	
(b) Provisions	18	119.33		129.62	
(c) Deferred Tax Liabilities (Net)	19	2,314.01	**4,986.28**	2,349.62	**6,164.40**
2) Current Liabilities					
(a) Financial Liabilities					
i) Borrowings	20	6,745.20		5,973.03	
ii) Trade Payables	21				
Total Outstanding dues of Micro enterprises and small enterprises		93.43		698.70	
Total Outstanding dues of creditors other than Micro enterprises and small enterprises		1,438.38		1,972.82	
iii) Other Financial Liabilities	22	1,508.78		885.64	
(b) Other Current Liabilities	23	60.09		603.94	
(c) Provisions	24	14.80		15.34	
(d) Current Tax Liabilities (Net)		671.07	**10,531.75**	576.45	**10,725.92**
TOTAL EQUITY AND LIABILITIES			**36,155.10**		**34,190.24**

Significant Accounting Policies	1
Notes to the Standalone Financial Statements	2 to 46

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2021

(₹ in Lakhs)

	Particulars	Note No.	For the Year ended 31.03.2021	For the Year ended 31.03.2020
1	Revenue From Operations	25	13,279.69	14,656.87
2	Other Income	26	132.87	221.82
3	**Total Income (1+2)**		**13,412.56**	**14,878.69**
4	**Expenses**			
	Cost of Materials Consumed		5,986.72	7,397.48
	Purchase of Stock in Trade		411.65	-
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	27	(779.10)	(149.03)
	Employee Benefits Expense	28	1,158.19	1,088.43
	Finance Costs	29	1,240.65	977.18
	Depreciation and Amortisation Expense	30	964.19	971.16
	Other Expenses	31	2,244.64	2,383.69
	Total Expenses		**11,226.94**	**12,668.91**
5	**Profit Before Exceptional Items and Tax (3-4)**		**2,185.62**	**2,209.78**
6	Exceptional Items		-	-
7	**Profit Before Tax (5-6)**		**2,185.62**	**2,209.78**
8	**Tax Expenses :**			
	Current Tax		723.65	661.46
	Deferred Tax	19	(46.15)	(448.78)
	Income Tax for Earlier Years		-	0.41
			677.50	**213.09**
9	**Profit for the Year (7-8)**		**1,508.12**	**1,996.69**
10	**Other Comprehensive Income**			
(i)	**Items that will not be reclassified to profit or loss**			
	Remeasurement Losses / (Gains) on Defined Benefit Plans		(41.87)	(80.30)
	Tax Effect on above		10.54	20.21
(ii)	**Items that will be reclassified to Profit or Loss**		-	-
	Total Other Comprehensive Income (Net of Tax)		**(31.33)**	**(60.09)**
	Total Comprehensive Income for the Year (9-10)		**1,539.45**	**2,056.78**
11	**Earnings per Equity Share of ₹ 10/- each**	32		
	Basic (₹)		5.30	7.03
	Diluted (₹)		5.30	7.03

Significant Accounting Policies	1
Notes to the Standalone Financial Statements	2 to 46

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st march, 2021

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Balance as at 1st April, 2019	Changes during 2019-20	Balance as at 31st March, 2020	Changes during 2020-21	Balance as at 31st March, 2021
Equity Share Capital	568.25	2,273.01	2,841.26	144.05	2,985.31

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus				Revaluation Reserve	Item of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		Remeasurements of Defined Benefit Plans	
Balance as at 1st April, 2019	**(808.36)**	**4,934.71**	**11.92**	**6,399.54**	**4,183.09**	**(46.01)**	**14,674.89**
Utilised for Issue of Bonus Shares (Refer Note No. 14.4)	-	(2,273.01)	-	-	-	-	(2,273.01)
Total Comprehensive Income for the year	-	-	-	1,996.69	-	60.09	2,056.78
Balance as at 31st March, 2020	**(808.36)**	**2,661.70**	**11.92**	**8,396.23**	**4,183.09**	**14.08**	**14,458.66**
Balance as at 1st April, 2020	**(808.36)**	**2,661.70**	**11.92**	**8,396.23**	**4,183.09**	**14.08**	**14,458.66**
Issue of Equity Shares (Refer Note No. 14.2 & 14.3)	-	1,656.95	-	-	-	-	1,656.95
Expenses related to Issue of Equity Shares	-	(3.30)	-		-	-	(3.30)
Total Comprehensive Income for the year	-	-	-	1,508.12	-	31.33	1,539.45
Balance as at 31st March, 2021	**(808.36)**	**4,315.35**	**11.92**	**9,904.35**	**4,183.09**	**45.41**	**17,651.76**

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF CASH FLOWS

for the year ended 31st March, 2021

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021		For the Year ended 31.03.2020	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax as per the Statement of Profit and Loss		**2,185.62**		**2,209.78**
ADJUSTED FOR :				
Depreciation and Amortisation Expense	964.19		971.16	
Dividend on Non Current Investments	-		(0.50)	
Interest Income	(24.56)		(24.36)	
Finance Costs	1,240.65		977.18	
(Profit)/Loss on sale of Property, Plant and Equipment (Net)	(3.88)		7.94	
Impairment loss on Assets held for sale	7.16		-	
Investment in subsidiary write off	-		1.00	
Initial Public Offering Related Expenses	-		45.00	
Account Written Back (Net)	-		(93.33)	
Bad Debts / Advances written off (Net)	13.08		-	
Provision for Expected Credit Loss	115.30		134.89	
Provision for Doubtful Advance	-		50.00	
Provision for Doubtful Advance written back	(50.00)		-	
Unrealised Foreign Exchange differences	(7.32)		38.10	
Lease Liability Reversal	(0.29)	2,254.33	-	2,107.08
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,439.95**		**4,316.86**
ADJUSTMENTS FOR :				
Trade and Other Receivables	(351.13)		(2,075.19)	
Inventories	(1,402.77)		418.75	
Trade and Other Payables	(1,621.42)	(3,375.32)	(2,171.34)	(3,827.78)
CASH GENERATED FROM OPERATIONS		**1,064.63**		**489.08**
Direct Taxes Paid (Including Interest)		(692.86)		(704.07)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES		**371.77**		**(214.99)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment and Capital Work-in-Progress		(532.49)		(404.69)
Sale of Property, Plant and Equipment		6.11		1.84
Proceeds from sale of Investment in Subsidiaries Companies		0.85		-
Purchase of Investment		(107.58)		-
Loans Recovered from Subsidiary Companies (Net)		6.28		(3.39)
Fixed Deposits		-		(100.00)
Interest Income		6.94		16.09
Dividend Income		-		0.50
NET CASH USED IN INVESTING ACTIVITIES		**(619.89)**		**(489.65)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from Issue of Equity Shares (Net of Expenses)		1,797.70		-
Proceed from 0.01% Optionally Convertible Preference Shares		2,999.00		-
Redemption of 0.01% Optionally Convertible Preference Shares		(1,602.00)		-
Proceed from Non Current Borrowings (Term Loans)		14.22		510.98
Repayment of Non Current Borrowings		(527.80)		(893.76)
Current Borrowings (Net)		(801.39)		2,222.67
Payment related to Initial Public Offering		(148.01)		(45.00)
Lease Liabilities		(6.00)		(3.52)
Finance Costs		(1,056.78)		(952.71)
Margin Money (Net)		(141.37)		(26.38)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**527.57**		**812.28**
NET INCREASE IN CASH AND CASH EQUIVALENTS		279.45		107.64
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		119.92		12.34
Effect of Exchange rate on Cash and Cash Equivalents		2.85		(0.06)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 9.1)		**402.22**		**119.92**

STATEMENT OF CASH FLOWS

for the year ended 31st March, 2021

Changes in Liabilities arising from financing activities on account of Non-Current (Including Current Maturities) and Current Borrowings

Particulars	31.03.2021	31.03.2020
OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**10,285.67**	**8,487.60**
Add : Changes from Cash Flow from Financing Activities (Net)	82.03	1,839.89
Add : Change on account of processing fees	2.02	0.41
Add : Change in Fair Value	176.55	-
Less: Inter Corporate Deposits Written Back	-	42.23
CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**10,546.27**	**10,285.67**

(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)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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. The company is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. The Company is in the process of listing of its equity shares and it has also filed the Draft Red Herring Prospectus with the Security Exchange Board of India (SEBI) and concerned Stock Exchanges.

The financial statements of the Company for the year ended 31st March, 2021 were approved and adopted by board of directors in their meeting held on 6th July, 2021

1.2 Basis of preparation

The 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 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. 1st April, 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 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. The period of amortisation is as under :

Asset	Period of amortisation
Computer Software	6 Years
Technical Know how	6 Years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

(C) 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.

(D) 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.

(E) Government Grants and Subsidy:

The Company is entitled to subsidy from DSIR (Department of Scientific & Industrial Research), Ministry of Science & Technology for the difference between the normal rate of interest @12% and the concessional rate of interest @ 3% on financial assistance received from DSIR, subject to prompt repayment of the principal and interest thereon. Government grants are recognized only if there is reasonable assurance that the grant will be received and all the conditions attached there to shall be complied with and are adjusted against the finance costs.

(F) 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.

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.

(G) Inventories:

Inventories are measured at lower of cost and net realisable value 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.

(H) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

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 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 Company'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 Company's statement of financial position) when:

a) The rights to receive cash flows from the asset have expired, or

b) 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).

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

(I) 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 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 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.

(J) Investment in Subsidiaries

The Company has elected to recognize its investments in subsidiaries at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

(K) Revenue Recognition and Other Income:

Sales of goods and services:

The Company 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 transfer 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

(L) 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).

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.

(M) 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.

(N) Lease:

On April 1, 2019, the Company adopted Ind AS 116 - Leases.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

lease, it considers all relevant facts and circumstances that crate 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 and buildings. 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.

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.

(O) 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.

(P) 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 Financial Statements. Contingent assets are not recognised in 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.

(Q) 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.

(R) 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.

(S) 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.

(T) 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:

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.

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.

(U) 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.

(V) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 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.

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:

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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) Revenue:

The application of Accounting Standard on Revenue Recognition involves use of key judgements with respect to multiple elements deliverables, timing of revenue recognition, accounting of discounts, incentives, etc. The Management has reviewed such accounting treatment and is satisfied about its appropriateness in terms of the relevant Ind AS.

g) 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.

h) 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 2 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use of Assets (Building)	Total
Balance as at 1st April, 2019	**377.82**	**5,415.59**	**3,833.42**	**7,847.12**	**268.59**	**379.56**	**135.61**	**29.51**	**-**	**18,287.22**
Additions	-	-	-	63.15	16.51	13.06	24.01	29.73	19.73	166.19
Disposals / Adjustment	-	-	-	11.15	13.13	0.11	1.52	2.18	-	28.09
Transfer to Held for Sale (Refer Note No. 41)	-	-	265.12	-	-	-	-	-	-	265.12
Balance as at 31st March, 2020	**377.82**	**5,415.59**	**3,568.30**	**7,899.12**	**271.97**	**392.51**	**158.10**	**57.06**	**19.73**	**18,160.20**
Additions	-	-	657.95	254.26	30.49	15.44	30.04	25.52	-	1,013.70
Disposals / Adjustment	-	-	-	-	3.51	9.44	-	-	19.73	32.68
Transfer to Held for Sale (Refer Note No. 41)	-	-	186.75	-	7.20	-	11.12	-	-	205.07
Balance as at 31st March, 2021	**377.82**	**5,415.59**	**4,039.50**	**8,153.38**	**291.75**	**398.51**	**177.02**	**82.58**	**-**	**18,936.15**
Depreciation										
Balance as at 1st April, 2019	**-**	**195.78**	**334.60**	**959.12**	**42.61**	**117.99**	**37.55**	**10.80**	**-**	**1,698.45**
Depreciation For the Year	-	81.17	170.07	543.55	30.06	49.67	25.46	11.69	4.38	916.05
Disposals / Adjustment	-	-	-	6.26	8.98	0.09	1.24	1.69	-	18.26
Transfer to Held for Sale	-	-	14.46	-	-	-	-	-	-	14.46
Balance as at 31st March, 2020	**-**	**276.95**	**490.21**	**1,496.41**	**63.69**	**167.57**	**61.77**	**20.80**	**4.38**	**2,581.78**
Depreciation for the Year	-	81.17	165.09	540.22	27.77	45.25	25.34	18.94	5.51	909.29
Disposals / Adjustment	-	-	-	-	1.57	7.73	-	-	9.89	19.19
Transfer to Held for Sale	-	-	28.59	-	2.71	-	5.27	-	-	36.57
Balance as at 31st March, 2021	**-**	**358.12**	**626.71**	**2,036.63**	**87.18**	**205.09**	**81.84**	**39.74**	**-**	**3,435.31**
Net Carrying Value										
Balance As at 31st March, 2020	**377.82**	**5,138.64**	**3,078.09**	**6,402.71**	**208.28**	**224.94**	**96.33**	**36.26**	**15.35**	**15,578.42**
Balance as at 31st March, 2021	**377.82**	**5,057.47**	**3,412.79**	**6,116.75**	**204.57**	**193.42**	**95.18**	**42.84**	**-**	**15,500.84**

2.1 Property, Plant and Equipment include assets pledged / hypothecation as security (Refer note no. 16 and 20).

2.2 Vehicles, having carrying value of ₹ 162.44 lakhs (31st March, 2020 : ₹ 213.25 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. 33 (B) for contractual commitments for the acquisition of Property, Plant & Equipments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 2 PROPERTY, PLANT AND EQUIPMENT (Contd..)

2.4 CAPITAL WORK IN PROGRESS INCLUDES:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Building under Construction	51.12	455.19
Pre-operative Expenses (Refer Note 2.5)	-	35.31
TOTAL	**51.12**	**490.50**

2.5 Details of Pre-operative Expenses included as part of Capital Work In Progress are as under:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Employee Benefits Expense	5.14	-
Finance Costs	46.21	35.31
Pre-operative Expenses for the year	**51.35**	**35.31**
Add : Pre-operative Expenses upto Previous Year	35.31	-
	86.66	**35.31**
Less: Allocated during the year to Property, Plant & Equipment	86.66	-
TOTAL	**-**	**35.31**

2.6 Building includes cost of shares in Co-operative society of ₹ 750 (Previous year ₹ 750) .

2.7 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 31st March, 2021

NOTE : 3 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software*	Process Technology / Technical know-How*	TOTAL
Balance as at 1st April, 2019	**4.33**	**309.14**	**313.47**
Additions	19.08	-	19.08
Balance as at 31st March, 2020	**23.41**	**309.14**	**332.55**
Additions	0.16	-	0.16
Balance as at 31st March, 2021	**23.57**	**309.14**	**332.71**
Amortisation			
Balance as at 1st April, 2019	**0.47**	**72.53**	**73.00**
Amortisation charge for the Year	3.59	51.52	55.11
Balance as at 31st March, 2020	**4.06**	**124.05**	**128.11**
Amortisation charge for the Year	3.38	51.52	54.90
Balance as at 31st March, 2021	**7.44**	**175.57**	**183.01**
Net Carrying Amount			
Balance As at 31st March, 2020	**19.35**	**185.09**	**204.44**
Balance As at 31st March, 2021	**16.13**	**133.57**	**149.70**

* Other than self generated

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 4 NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	Number of Shares		Face Value (In ₹)	As at 31.03.2021	As at 31.03.2020
	31.03.2021	31.03.2020			
(Unquoted, Fully Paid Up)					
A. Investment in Equity Instruments					
i) Subsidiary Companies (Carried at Cost)					
Paras Aerospace Private Limited * (formerly known as Paras Aerospace Solutions Private Limited)	6,000	10,000	10	0.60	1.00
Paras Green Optics Private Limited **	10,000	10,000	10	1.00	1.00
Paras Anti- Drone Technologies Private Limited # (formerly known as Paras Strategic Technologies Private Limited)	5,500	10,000	10	0.55	1.00
OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	100	100	SGD 1	0.05	0.05
ii) Others (Carried at fair value through Profit & Loss)					
NKGSB Co- Operative Bank Limited	50,000	50,000	10	5.00	5.00
Highlander Aviation Limited	10,357	-	NIS 0.01	34.69	-
B. Investment in 0% Optionally Convertible Security					
(Carried at fair value through Profit & Loss)					
Highlander Aviation Limited ##	-	-	-	72.89	-
TOTAL				**114.78**	**8.05**

*5,999 shares are held by the Company in its own name and 1 share is held by Mr. Munjal Shah as nominee of the Company

**9,999 shares are held by the Company in its own name and 1 share is held by Mr. Munjal Shah as nominee of the Company

#5,499 shares are held by the Company in its own name and 1 share is held by Mr. Munjal Shah as nominee of the Company

##Pursuant to Advance Investment Agreement dated 22nd September, 2020, the Company has made an investment and remitted USD 100,000, in respect of which the certificate is yet to be received. The remaining commitment pursuant to the agreement as at 31st March, 2021 is of USD 252,503.

(₹ in Lakhs)

	31.03.2021	31.03.2020
Aggregate Amount of Unquoted Investments	114.78	8.05
Aggregate Amount of Quoted Investments and Market Value	-	-
Investment Carried at fair value through Profit and Loss	112.58	5.00
Investment Carried at Cost	2.20	3.05

NOTE: 5 OTHERS NON CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Fixed Deposits with Banks held as Margin Money	119.03	24.03
TOTAL	**119.03**	**24.03**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 6 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Capital Advances	48.02	41.47
Security Deposits	66.69	82.43
Prepaid Expenses	4.35	14.50
TOTAL	**119.06**	**138.40**

NOTE: 7 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Raw Materials	626.27	1,986.95
Raw Materials In Transit	1,921.28	-
Work-in-Progress	4,072.33	3,060.23
Finished Goods	396.82	629.82
Stores, Spares and Consumables	420.02	356.95
TOTAL	**7,436.72**	**6,033.95**

7.1 For basis of valuation Refer Accounting Policy Note No. 1.3(G)

7.2 For Inventories hypothecated as security (Refer Note No.16 and 20)

NOTE: 8 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(Unsecured)		
Considered Good	9,921.78	10,031.14
Significant Increase in Credit Risk	189.78	194.04
	10,111.56	**10,225.18**
Less: Provision for Expected Credit Loss	614.70	499.40
TOTAL	**9,496.86**	**9,725.78**

8.1 Hypothecated as security (Refer Note No. 16 and 20)

NOTE: 9 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	400.15	113.91
Cash in hand	2.07	6.01
TOTAL	**402.22**	**119.92**

9.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Balances with Banks in Current Accounts	400.15	113.91
Cash on hand	2.07	6.01
TOTAL	**402.22**	**119.92**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Fixed Deposits with Banks	100.00	100.00
Fixed Deposits with Banks Pledged as Margin Money	258.98	212.60
TOTAL	**358.98**	**312.60**

NOTE: 11 LOANS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Loans to Employees	4.92	#3.33
Loans to Subsidiary Companies (Including Interest Receivable) (Refer Note No. 34)*	-	6.28
TOTAL	**4.92**	**9.61**

#Includes related parties (Refer Note No. 34)

*Loan includes the following amounts due from private limited companies where Directors are interested as Director / Member:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Paras Aerospace Private Limited	-	0.16

NOTE: 12 OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Interest Receivables	32.60	14.98
Government Grant Receivables	11.00	30.66
Duty Drawback Receivable	4.64	17.91
Rent Receivable from Related Parties (Refer Note No. 34)	-	3.89
Other Receivables	0.12	-
TOTAL	**48.36**	**67.44**

NOTE: 13 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Advances to Suppliers		
Considered Good	1,723.70	1,093.78
Considered Doubtful	-	50.00
	1,723.70	**1,143.78**
Less : Provision for Doubtful	-	50.00
	1,723.70	**1,093.78**
Balances with Government Authorities	98.09	27.27
Export Incentive Receivables	37.75	47.02
Security Deposits	18.59	8.30
Others *	62.39	50.07
TOTAL	**1,940.52**	**1,226.44**

*Others Includes prepaid expenses, advances for expenses, etc.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 14 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Authorised *		
30,510,000 (Previous Year : 45,385,000) Equity Shares of ₹10/- each.	3,051.00	4,538.50
2,999,000 (Previous Year: NIL) Preference Shares of ₹ 100/- each.	2,999.00	-
	6,050.00	**4,538.50**
Issued		
30,253,177 (Previous Year : 28,412,670) Equity Shares of ₹ 10/- each fully paid up	3,025.31	2,841.26
Subscribed and Paid up		
29,853,177 (Previous Year : 28,412,670) Equity Shares of ₹ 10/- each fully paid up	2,985.31	2,841.26
TOTAL	**2,985.31**	**2,841.26**

*During the year, the company has increased the authorised share capital and reclassified the same.

14.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,84,12,670	2,841.26	56,82,534	568.25
Add: Issue of Bonus Shares (Refer Note No. 14.4)	-	-	2,27,30,136	2,273.01
Add: Issue of Equity Shares (Refer Note No. 14.2 & 14.3)	14,40,507	144.05	-	-
Shares outstanding at the end of the year	**2,98,53,177**	**2,985.31**	**2,84,12,670**	**2,841.26**

14.2 On 13th August, 2020 the Company issued 507 equity shares, Face Value of ₹ 10 each at a premium of ₹ 187/- per share.

14.3 On 18th March, 2021, the Shareholders of the Company has approved the issue and offer of 18,40,000 equity shares of face value of ₹ 10 each at a premium of ₹ 115/- per share on preferential basis; out of which the Company has allotted of 14,40,000 equity shares as on 31st March, 2021.

14.4 During the previous year, the Company issued and alloted 22,730,136 bonus equity shares of 10/-each in the proportion of 1:4 to its shareholders by capitalising securities premium of ₹ 2273.01 lakhs.

14.5 2,53,12,670 (Previous Year: 2,53,12,670) Shares were alloted in last five years pursuant to the schemes of Amalgamation and Bonus issue for the consideration other than cash.

14.6 Details of Shareholders, holding more than 5% shares of the Company:

Name of the Shareholders	As at 31.03.2021		As at 31.03.2020	
	No of Shares held	Percentage held	No of Shares held	Percentage held
Mr. Sharad Virji Shah	85,24,840	28.56%	85,24,840	30.00%
Mr. Munjal Sharad Shah	97,42,630	32.64%	97,42,630	34.29%
Mrs. Ami Munjal Shah	19,41,580	6.50%	19,41,580	6.83%

14.7 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 15 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020	As at 31.03.2020
Capital Reserve				
Balance as per last Balance Sheet		(808.36)		(808.36)
Securities Premium				
Balance as per last Balance Sheet	2,661.70		4,934.71	
Add: On Issue of Equity shares (Refer Note No. 14.2 & 14.3)	1,656.95		-	
Less: Expenses incurred for issue of Equity Shares	(3.30)			
Less: Utilised for issue of Bonus Shares (Refer Note No. 14.4)	-		2,273.01	
		4,315.35		**2,661.70**
Revaluation Reserve				
Balance as per last Balance Sheet		4,183.09		4,183.09
General Reserve				
Balance as per last Balance Sheet		11.92		11.92
Retained Earnings				
Balance as per last Balance Sheet	8,396.23		6,399.54	
Add: Profit after tax for the Year	1,508.12		1,996.69	
		9,904.35		**8,396.23**
Other Comprehensive Income (OCI)				
Balance as per last Balance Sheet	14.08		(46.01)	
Add: Movement in OCI (Net) during the Year	31.33		60.09	
		45.41		**14.08**
TOTAL		**17,651.76**		**14,458.66**

NOTE NO. 15.1 NATURE AND PURPOSE OF RESERVES

Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 16 NON CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Secured		
Term Loans		
- From Banks *	1,889.35	2,562.60
- From Financial Institution *	663.59	1,017.16
- From Department of Scientific & Industrial Research of Government of India (DSIR)	-	95.28
TOTAL	**2,552.94**	**3,675.04**

* Net of Processing Fees of ₹ 5.13 Lakhs (Previous Year ₹ 7.15 Lakhs)

16.1 The Term loans from banks referred to above aggregating to ₹ 1890.38 Lakhs and ₹ 765.17 Lakhs included in current maturity of long Term Debts in Note No. 22 includes:

(i) ₹ 756.93 lakhs secured by way of Equitable mortgage of Land and Building on Plot no. M-6, Additional Ambernath Industrial area, Ambernath-421506, Maharashtra, India (Measuring 21569 sq mtrs) and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(ii) ₹ 177.50 lakhs secured by the Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery. The loan is repayable in 30 equal monthly installments ending in September 2023.

(iii) ₹ 150.94 lakhs secured by Hypothecation of Flow Forming Machine and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(iv) ₹ 65.91 lakhs hypothicated by Vacuume Epoxy Resin and Dosing Machine and further secured by collateral security of plant and machinery. The loan is repayable in 33 equal monthly installments ending in December 2023.

` (v) ₹ 248.63 lakhs secured by Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery present and future. The loan is repayable in 48 equal monthly installments ending in March 2025.

(vi) ₹ 1140.12 lakhs secured by Pari Passu Charge on all existing and future current assets / movable fixed assets of the Company and further secured by Collateral Security of 1) Premises no. 103, 1st floor, veena industrial premises Co-operative Society Limited, Plot no. B-61, veera desai road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, veena Industrial premises Co-operative Society Limited, Plot no. B 61, 400058. 3) Unit no. 209B, 2nd floor, veena Industrial premises Co-operative Society Limited, Plot no. B 61, 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 400076. The loan is repayable as follows.

- The loan of ₹ 188.76 Lakhs is repayable in 38 equal monthly installments ending in May 2024.
- The loan of ₹ 624.15 Lakhs is repayable in 28 equal monthly installments ending in July 2023.
- The loan of ₹ 178.64 Lakhs is repayable in 52 equal monthly installments ending in July 2025.
- The loan of ₹ 148.57 Lakhs is repayable in 22 equal monthly installments ending in Jan 2023.

(vii) ₹ 115.52 lakhs secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 26 to 48 equal monthly installments. These vehicle loan accounts are in the name of directors / erstwhile director of the Companies or of entities that have since been amalgamated with the company in pursuance to the scheme of amalgamation.

16.2 The Term loans from financial institution referred to above aggregating to ₹ 667.69 Lakhs and ₹ 142.89 Lakhs included in current maturity in Note No. 22 includes:

(i) ₹ 111.79 lakhs secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 144 equal monthly installments ending in March 2033.

(ii) ₹ 51.53 lakhs secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 146 equal monthly installments ending in May 2033.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 16 NON CURRENT BORROWINGS (Contd..)

(iii) ₹ 473.50 lakhs secured by 396/397A , TTC Industrial Area, Mahape, Navi Mumbai 400710, owned by Mr Sharad Shah. The loan is repayable in 180 equal monthly installments ending in March 2036.

(iv) ₹ 171.22 lakhs secured by way of hypothecation/exclusive charge on specific Equipment finance. The loan is repayable as follows:

- The loan of ₹ 13.18 Lakhs is repayable in 10 equal monthly installments ending in January 2022.
- The loan of ₹ 68.41 Lakhs is repayable in 25 equal monthly installments ending in April 2023.
- The loan of ₹ 89.63 Lakhs is repayable in 14 equal monthly installments ending in May 2022.

(v) ₹ 2.54 lakhs secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 9 equal monthly installments. These vehicle loan accounts are in the name of directors / erstwhile director of the Company or of entities that has since been amalgamated with the company in pursuance to the scheme of amalgamation.

16.3 The Term loans from financial institution of ₹ 244.79 lakhs secured by Flat no. 604/605, Nirmal nagar kalinga CHSL, Nirmal nagar, Line road, D mart, Mulund W, Mumbai, Maharashtra India 400080 and included in liabilities directly associated with Assets classified as Held for Sale in Note No. 22.

16.4 Term loan from DSIR is ₹ NIL and ₹ 95.28 lakhs (includes Fair valuation of first interest installment of term loan from DSIR of ₹ 15.28 Lakhs) included in current maturity of long term debts in note no 22 is covered by bank guarantees. The loan is repayable in July 2021.

16.5 Interest rates on above term loan ranges from 8.49% p.a to 13.00% p.a.

16.6 The Term loans referred to above are guaranteed by some of the directors, erstwhile directors and their relativie in their personal capacities.

16.7 Maturity profile of Term Loans is as under:

(₹ in Lakhs)

Financial Year	Amount	Financial Year	Amount	Financial Year	Amount
2021-2022	1,248.13	2028-2029	42.81	2035-2036	62.57
2022-2023	889.09	2029-2030	47.86		
2023-2024	586.87	2030-2031	53.50		
2024-2025	402.19	2031-2032	59.81		
2025-2026	167.25	2032-2033	66.87		
2026-2027	34.25	2033-2034	50.93		
2027-2028	38.29	2034-2035	55.78		

NOTE: 17 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Lease Liabilities	-	10.12
Total	**-**	**10.12**

17.1: The following is the movement in lease liabilities during the year :

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Opening Balance	**16.21**	**-**
Add: Addition during the year	-	19.73
Add: Finance cost accrued during the year	1.32	1.28
Less: Payment of lease Liabilities	6.00	4.80
Less: Reversal of Lease Liabilities pursuant to cancellation of agreement	11.53	-
Closing Balance	**-**	**16.21**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 17 LEASE LIABILITIES (Contd..)

17.2: The following is the contractual maturity profile of lease liabilities:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Less than one year	-	6.09
One year to Five years	-	10.12
More than five years	-	-
Total	**-**	**16.21**

NOTE: 18 NON CURRENT PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for Gratuity	119.33	129.62
TOTAL	**119.33**	**129.62**

NOTE: 19 INCOME TAX

19.1 Current Tax

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Current Tax	723.65	661.46
Income Tax for Earlier Years	-	0.41
Total Current Tax	**723.65**	**661.87**

19.2 The major components of Tax Expense for the year ended 31st March, 2021 & previous year ended 31st March, 2020 are as follows:

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Recognised in the Standalone Statement of Profit and Loss		
Current Tax (Refer Note No. 19.1)	723.65	661.87
Deferred Tax:-Relating to origination and reversal of temporary differences	(46.15)	(448.78)
Total Tax Expenses	**677.50**	**213.09**

19.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended 31st March, 2021 & previous year ended 31st March, 2020:

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Accounting Profit Before Tax	2,185.62	2,209.78
Applicable tax rate (in %)	**25.17%**	**25.17%**
Computed Tax Expenses / (Income)	550.08	556.16
Tax effect on account of:		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	(42.58)	2.64
Expenses not allowed under Income Tax Act	185.75	26.29
Deduction allowed under Income Tax Act	(15.75)	(3.46)
Change in Tax Regime	-	(368.95)
Income Tax for Earlier Years	-	0.41
Income tax Expenses recognised in the Standalone Statement of Profit and Loss	**677.50**	**213.09**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 19 INCOME TAX (Contd..)

19.4 Deferred Tax Liabilities / (Assets) relates to the following :

(₹ in Lakhs)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	2,515.80	2,532.44	(16.64)	(422.37)
Items disallowed as per Income Tax Act, 1961	(201.79)	(182.82)	(18.97)	(6.20)
Deferred Tax Liabilities / (Assets)	**2,314.01**	**2,349.62**	**(35.61)**	**(428.57)**

19.5 Reconciliation of Deferred Tax Liabilities (Net):

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Opening Balance at the beginning of the year	2,349.62	2,778.19
Deferred Tax Expenses/(Income) recognised in the Standalone Statement of Profit and Loss	(46.15)	(448.78)
Deferred Tax Expenses/(Income) recognised in OCI	10.54	20.21
Closing Balance at the end of the year	**2,314.01**	**2,349.62**

NOTE: 20 CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Secured		
Working Capital Rupee Loans from Banks	4,319.82	4,499.58
Unsecured		
13,97,000 (Previous year: Nil)- 0.01% Optionally Convertible Preference Shares of ₹ 100/- each (Refer Note No. 20.3 and 20.4)	1,573.56	-
Loans From Related Parties (Refer Note No. 34)	851.82	1,431.44
Inter Corporate Deposits	-	42.01
	2,425.38	**1,473.45**
	6,745.20	**5,973.03**

20.1 The working capital Loans from banks includes:

(i) ₹ 1508.85 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) ₹ 2810.97 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, 400058. 3) Unit no. 209B, 2nd floor, veena Industrial premises Co-op Soc Ltd, Plot no. B 61, 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 400076, 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.

20.2 The Working Capital Rupee loans referred to above are guaranteed by some of the directors, erstwhile directors and their relativies in their personal capacities.

20.3 On 13th August, 2020, the Company issued and allotted 29,99,000, 0.01% Optionally Convertible Preference Shares ('OCPS') having face value of ₹ 100/- each at par, pursuant to the Subscription Cum Share Holders Agreement ("SSHA") dated 5th August, 2020. SSHA agreement amended and the parties entered into Amendment And Conditional Termination Agreement dated 28th January, 2021:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 20 CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd..)

The major terms and conditions of OCPS:

i) The OCPS carry a coupon rate of 0.01% per annum and coupon shall accrue and be payable annually on 30th June post a moratorium period of 2 years from the date of allotment.

ii) The Company, with the written consent of the investor can redeem / purchase the OCPS @ 20% p.a. IRR to the investor.

iii) The Investor has right to convert the OCPS in to fully paid up equity shares of the Company at a pre money valuation arrived by applying PE multiple of 5 to profit after tax (PAT) for the period of 12 months prior to 48 months from the date of disbursement of funds (for 50% of the OCPS) and/or PE multiple of 6 to profit after tax (PAT) for the period of 12 months prior to 60 months from the date of disbursement of funds (for balance 50% of the OCPS) at any time after the end of the respective financial years up to 84 months from the date of disbursal of funds. The conversion option shall be exercised by the Investor any time after 48 months and/or 60 months after the date of disbursal of funds.

iv) If the fully Diluted stake of the investor exceeds 30% of the fully Diluted paid up capital, then in compliance with the applicable provisions of the Companies Act, 2013, the Investor shall convert only such number of OCPS so as to keep the Investors stake less than or equal to 30% of the fully Diluted paid up capital. The Balance unconverted OCPS shall be redeemed by the Company or purchased by the promorters so as to give Investor an IRR of 20% p.a.

v) (A) In case the Company attracts fresh round of funding before redemption of the OCPS held by the Investor (“Funding Round”), the requisite proportion of the proceeds of the Funding Round shall forthwith be utilized by the Company to redeem the OCPS held by the Investor, at a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the purchase of the OCPS.

(B) In case of IPO:

a. At any time Prior to the filing of the updated draft of the red herring prospectus with SEBI in relation to the Offer, on receiving the final observations from SEBI on the DRHP (“Updated DRHP Filing”), the Company shall undertake the Pre-IPO Placement (in part or in full) and use the requisite proportion of the proceeds of such Pre-IPO Placement towards redemption of the outstanding Subscription Preference Shares held by the Investor and the Investor shall, at the request of the Company, forthwith offer the Subscription Preference Shares held by it for redemption, at a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the purchase of the Subscription Preference Shares (“Redemption”).

b. Simultaneously with or immediately before/after the Redemption and in any event, prior to the Updated DRHP Filing, the Promoters shall purchase the Subscription Equity Shares or procure a third party purchaser who shall purchase the entire Subscription Equity Shares from the Investor, at such a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the Subscription Equity Shares (“Transfer”).

c. The Company shall not proceed with the filing of red herring prospectus in the IPO unless the Redemption and Transfer, under sub causes (a) and (b), above is completed.”

vi) In the event of option to convert the OCPS is not being exercised or the Investor Opts to convert only a portion of the OCPS then the unconverted OCPS shall be bought back in eight (8) equal quarterly installments starting from 60 months after the date of disbursement of funds.

Details of OCPS holding more than 5% of OCPS of the Company.

Name of Shareholders	As at 31.03.2021		As at 31.03.2020	
	No of OCPS held	Percentage held	No of Shares held	Percentage held
Maharashtra Defence and Aerospace Venture Fund through its Investment Manager namely M/s. IDBI Capital Markets & Securities Limited	13,97,000	100%	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 20 CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd..)

Reconciliation of OCPS outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of OCPS	Amount	No. of OCPS	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Add: Issue of Preference Shares	29,99,000	2,999.00	-	-
Less: Redemption of Preference Shares*	(16,02,000)	(1,602.00)		
Shares outstanding at the end of the year	**13,97,000**	**1,397.00**	**-**	**-**

*Pursuant to the resolution passed by the Board of Directors in its meeting held on 26th March, 2021 and consented by the Preference Shareholders, the Company has redeemed 16,02,000, 0.01 % Optionally Convertible Preference Shares of ₹ 100 each at a premium of ₹ 12.40 per share out of the proceeds of fresh equity shares of the Company.

20.4 As per the terms of Amendment And Conditional Termination Agreement, the Company shall not proceed with the filing of Red Herring Prospectus (RHP) in the IPO unless the redemption of OCPS". The Company has redeemed 16,02,000 OCPS till 31st March, 2021 and subsequent to year end the Company has also redeemed 4,39,000 OCPS, further the Company is in the process of redeeming balance OCPS before filing of RHP; hence the Company has classified the OCPS as Current Borrowings.

NOTE: 21 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Micro, Small and Medium Enterprises	93.89	698.74
Others	1,437.92	1,972.78
Total	**1,531.81**	**2,671.52**

21.1 Disclosures of the Micro, Small And Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises 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 :

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	93.89	698.74
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	2.93	2.04
(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	2.93	2.04
(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	-	-

NOTE: 22 CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Current Maturities of Long Term Debts	1,003.34	637.60
Liabilities directly associated with Assets classified as Held for Sale	244.79	-
Lease Liabilities- Current	-	6.09
Interest Accrued and due	2.93	2.04
Interest Accrued but not due	62.86	77.38
Creditors for Capital Goods	37.42	35.09
Other Payables *	157.44	127.44
Total Expenses	**1,508.78**	**885.64**

*Other Payables mainly includes outstanding liability for expenses and payable to employees.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Advances from Customers	9.04	87.17
Statutory Liabilities	28.05	515.77
Others *	23.00	1.00
TOTAL	**60.09**	**603.94**

*Received against Assets classified as Held for Sale

NOTE: 24 CURRENT PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for Gratuity	14.80	15.34
Total	**14.80**	**15.34**

NOTE: 25 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Sale of Products	13,133.13	14,148.26
Sale of Services / Job Work Income	146.56	508.61
TOTAL	**13,279.69**	**14,656.87**

25.1 Revenue Disaggregation by type of Products and Services as follows :

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Heavy Engineering	3,777.51	6,412.94
Defence & Space Optics	6,478.30	5,110.22
Defence Electronics	3,023.88	3,133.71
TOTAL	**13,279.69**	**14,656.87**

25.2 Revenue disaggregation by geography is as follows:

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
India	11,809.75	12,865.93
Outside India	1,469.94	1,790.94
TOTAL	**13,279.69**	**14,656.87**

25.3 Reconciliation of Revenue from Operations with Contract Price:

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Contract Price	13,205.95	14,662.06
Exchange rate variance linked consideration (Net)	79.33	-
Reduction towards variable consideration components *	5.59	5.19
TOTAL	**13,279.69**	**14,656.87**

*The reduction towards variable consideration comprises of volume discounts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 26 OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest Income from Financial assets measured at amortised cost		
On Fixed Deposits with Banks	21.93	20.43
On Others	2.63	3.94
Dividend Income from Financial assets measured at fair value through profit or loss		
Non-current Investments	-	0.50
Lease Rent (Refer Note No. 34)	5.10	29.60
Export Incentives	47.36	52.85
Account Written Back (Net)	-	93.33
Provision for Doubtful Advance written back	50.00	-
Profit on sale of Property, Plant and Equipment (Net)	3.88	-
Miscellaneous Income	1.97	21.17
TOTAL	**132.87**	**221.82**

NOTE: 27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Closing Inventories		
Finished Goods	396.82	629.82
Work-in-Progress	4,072.33	3,060.23
	4,469.15	**3,690.05**
Opening Inventories		
Finished Goods	629.82	1,065.28
Work-in-Progress	3,060.23	2,475.74
	3,690.05	**3,541.02**
(Increase)/Decrease in Inventories	**(779.10)**	**(149.03)**

NOTE: 28 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Salaries, Wages & Allowances	1,045.90	975.92
Contribution to Provident and Other Funds	37.91	49.71
Welfare and Other Amenities	74.38	62.80
TOTAL	**1,158.19**	**1,088.43**

28.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under		
Employer's Contribution to Provident Fund and ESIC	5.88	6.77

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 28 EMPLOYEE BENEFIT EXPENSES (Contd..)

(b) Defined Benefit Plan - Unfunded

The employees Gratuity Fund Scheme of the Company is a defined benefit plan. 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.

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Actuarial Assumptions		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	FY 2020-21: 0% and thereafter 9%
Discount rate	6.97%	6.71%
Withdrawal Rate	7.00%	7.00%

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Movement in present value of Defined Benefit Obligation		
Defined Benefit Obligations at the beginning of the year	144.96	183.88
Current Service Cost	21.97	28.07
Interest Cost	9.95	14.77
Actuarial Loss / (Gain)	(41.87)	(80.30)
Benefits Paid	(0.88)	(1.46)
Defined Benefit Obligations at the end of the year	**134.13**	**144.96**
Expense recognised in the Statement of Profit and Loss		
Current Service Cost	21.97	28.07
Interest on Defined Benefit Obligations	9.95	14.77
Total included in “Remuneration and Benefits to Employees”	**31.92**	**42.84**
Remeasurements (recognised in Other Comprehensive Income)		
Effect of changes in financial assumptions	(2.92)	21.27
Effect of changes in demographic assumptions	-	5.79
Effect of experience adjustments	(38.95)	(107.36)
Amount recognised in OCI, at the end of the Year	**(41.87)**	**(80.30)**

(c) Net Defined Benefit Obligations / (Assets) reconciliation

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Present Value of Obligations at the end of the year	134.13	144.96
Less : Fair Value of Plan Assets at the end of the year	-	-
Net Obligations / (Assets) recognised at the end of the year	**134.13**	**144.96**

(d) 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 STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 28 EMPLOYEE BENEFIT EXPENSES (Contd..)

28.2 Sensitivity Analysis

(₹ in Lakhs)

Particulars	As at 31.03.2021 Effect on Gratuity Increase / (Decrease)	As at 31.03.2020 Effect on Gratuity Increase / (Decrease)
Discount Rate + 100 basis points	(10.29)	(11.12)
Discount Rate - 100 basis points	11.90	12.87
Salary Escalation Rate + 100 basis points	7.42	8.02
Salary Escalation Rate - 100 basis points	(6.43)	(6.95)
Withdrawal Rate+100 basis points	0.57	0.62
Withdrawal Rate-100 basis points	(0.74)	(0.80)

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.

28.3 Expected payments towards contributions to Gratuity in future years :

(₹ in Lakhs)

Year Ended	Expected Payment
31st March, 2022	15.30
31st March, 2023	8.52
31st March, 2024	7.84
31st March, 2025	9.45
31st March, 2026	13.81
31st March, 2027 to 2031	56.35

28.4 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

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

If the actual mortality rate in the future turns out to be more or less than expected then it may result in increase in the liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 29 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest Expenses on Financial Liabilities measured at amortised cost	1,175.08	865.15
Interest Expenses on Lease Liabilities	1.32	1.28
Other Borrowing Costs (Refer Note No. 29.1)	64.25	110.75
TOTAL	**1,240.65**	**977.18**

29.1 Above includes, Interest of ₹ 50.03 Lakhs (Previous Year ₹ 63.81 Lakhs) on late payment of Advance Tax.

NOTE: 30 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	909.29	916.05
Amortisation of Intangible Assets (Refer Note No. 3)	54.90	55.11
TOTAL	**964.19**	**971.16**

NOTE: 31 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
MANUFACTURING EXPENSES		
Consumables, Stores and Spares Consumed	364.14	123.14
Power and Fuel	247.98	244.46
Labour Charges	388.70	383.49
Repairs and Maintenance - Others	85.30	14.43
Job Processing charges	131.75	152.25
Other Manufacturing Expenses	49.98	53.29
	1,267.85	**971.05**
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Business Promotion	19.43	150.89
Packing & Forwarding Expenses	15.94	19.31
Others	26.95	25.84
	62.32	196.04
ADMINISTRATIVE EXPENSES		
Insurance	36.56	26.88
Rent	30.24	29.38
Rates and Taxes	21.26	55.27
Printing and Stationery	11.61	13.90
Communication Expenses	6.42	8.43
Travelling and Conveyance	82.58	243.81
Legal and Professional Charges	100.67	124.63
Payment to Auditors (Refer Note no. 31.1)	53.00	26.00
Security Expenses	24.53	32.38
Office Expenses	36.08	26.89
Director Sitting fees	21.00	38.00
Miscellaneous Expenses	148.38	114.90
	572.33	**740.47**
OTHER EXPENSES		
Bank Charges	65.03	43.95
Bad Debts / Advances written off (Net)	13.08	-
Loss due to Fraud (Refer Note No. 31.2)	-	20.36
Provision for Doubtful Advance	-	50.00
Provision for Expected Credit Loss	115.30	134.89

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 31 OTHER EXPENSES (Contd..)

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Investment in Subsidiary write off	-	1.00
Donation	1.23	1.86
Corporate Social Responsibility Expenditure (Refer Note No. 35)	53.50	40.50
Loss on discard/Sale of Property, Plant and Equipment (Net)	-	7.94
Impairment loss on Assets held for sale	7.16	
Loss on Foreign Currency Fluctuations (Net)	21.46	41.02
Initial Public Offering Related Expenses	-	45.00
Late Delivery charges	65.38	89.61
	342.14	**476.13**
TOTAL	**2,244.64**	**2,383.69**

31.1 Break-up of Payment to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Audit Fees	27.00	20.00
Tax Audit Fees	6.00	6.00
Other *	20.00	-
TOTAL	**53.00**	**26.00**

*Fees for Restated Consolidated Financial Information.

31.2 During the previous year, the Company has lost ₹. 20.36 lakhs due to a cyber fraud. The Company had placed an order for the supply of materials through an email, however the email was hacked and advance money transferred to an account which was not of the vendor to whom the order was placed. The Company has lodged a FIR with Turbhe MIDC Police Station for the same.

NOTE: 32 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Basic Earnings Per Share		
Profit for the year	1,508.12	1,996.69
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670
Basic Earnings Per Share of ₹ 10/- each	5.30	7.03
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	1,508.12	1,996.69
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670
Add : Potential number of Equity Shares	-	-
No. of shares used for calculation of Diluted EPS	2,84,36,662	2,84,12,670
Diluted Earnings Per Share of ₹ 10/- each	5.30	7.03

32.1 The Equity Shares, if any, to be issued upon the exercise of option by the OCPS holders (Refer Note No. 20.3) can not be determined as on the date of these standalone financial statements and hence not considered for the purpose of computing Diluted Earnings Per Share.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 33 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
A	Contingent Liabilities (to the extend not provided for)		
I	INCOME TAX*	88.74	14.06
	CUSTOMS ACT	12.00	-
	TOTAL (I)	100.74	14.06
II	GUARANTEES		
	Guarantees given by the Company's Bankers	2,118.11	1,674.59
	(Bank guarantees are provided under contractual / legal obligation)		
	TOTAL (II)	2,118.11	1,674.59
III	LETTER OF CREDIT OUTSTANDING		
	Letters of Credit opened in favour of Suppliers	547.99	163.14
	TOTAL (III)	547.99	163.14
	TOTAL (A)	2,766.84	1,851.79
B	Capital Commitments :		
	Estimated amount of contracts to be executed on capital account not provided for	62.34	51.87
	Commitment towards EPCG License	349.69	435.57
	TOTAL (B)	412.03	487.44
	TOTAL (A+B)	3,178.87	2,339.23

* Company has received the assessment order u/s 143(3) from the Income Tax department, however since there were errors by 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 fianancial position of the company.

NOTE: 34 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 exits and with whom transactions have taken place during reported year, are as detailed below:

List of Related Parties :

(As certified by the Management)

I Subsidiary

- i Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)
- ii Paras Green Optics Private Limited
- iii Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited)
- iv OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)
- v Holland Shielding Systems (India) Private Limited (upto 17th March, 2020)

II Key Managerial Personnel

- i Mr. Sharad Shah
- ii Mr. Munjal Sharad Shah
- iii Mrs. Shilpa Amit Mahajan
- iv Mr. Harsh Bhansali (w.e.f 24.03.2020)
- v Mr. Ajit Sharma (w.e.f. 05.04.2019)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 34 RELATED PARTY DISCLOSURES : (Contd..)

III Key Managerial Personnel Relatives

i Mrs. Ami Munjal Shah

ii Mrs. Niranjana Shah

iii Mrs. Kajal Bhansali

iv Mr. Anish Mehta

v Mr. Amit Mahajan

vi Mr. Harsh Bhansali (upto 23.03.2020)

A. Transactions with Related Parties :

(₹ in Lakhs)

Nature of Transactions	Name of the Related Parties	2020-21	2019-20
Transactions with Subsidiaries:			
Loan to Subsidiaries	Paras Aerospace Private Limited	2.23	2.71
	OPEL Technologies PTE Ltd	-	3.38
	Paras Anti- Drone Technologies Private Limited	1.85	-
Loan Recovered From Subsidiaries	Paras Aerospace Private Limited	2.23	2.83
	OPEL Technologies PTE Ltd	5.52	-
	Paras Anti- Drone Technologies Private Limited	1.85	-
Interest Income	Paras Aerospace Private Limited	0.09	0.16
	OPEL Technologies PTE Ltd	0.32	0.61
	Paras Anti- Drone Technologies Private Limited	0.07	-
Income - Lease Rent	Holland Shielding Systems (India) Private Limited	-	9.00
	Paras Green Optics Private Limited	2.40	9.50
	Paras Anti- Drone Technologies Private Limited	1.20	11.10
	Paras Aerospace Private Limited	1.50	-
Investment Written Off	Holland Shielding Systems (India) Private Limited	-	1.00
Sale of Products	OPEL Technologies PTE Ltd	751.97	2.44
Transactions with other Related Parties:			
Director Sitting Fees	Mr. Sharad Shah	5.00	13.00
Managerial Remuneration	Mr. Munjal Sharad Shah	60.27	62.74
	Mrs. Shilpa Amit Mahajan	13.72	13.02
	Mr. Harsh Bhansali	18.03	0.26
	Mr. Ajit Sharma	10.58	9.54
Salary to relatives	Mr. Harsh Bhansali	-	12.71
	Mrs. Kajal Bhansali	15.43	13.38
	Mrs. Ami Munjal Shah	34.85	31.91
	Mr. Amit Mahajan	14.15	12.24
	Mr. Anish Mehta	9.78	4.36
Advance to Employee Given	Mr. Harsh Bhansali	-	6.51
	Mrs. Ami Munjal Shah	-	4.00
	Mr. Anish Mehta	-	2.76
Advance to Employee Recovered	Mr. Harsh Bhansali	-	6.51
	Mrs. Ami Munjal Shah	-	4.00
	Mr. Anish Mehta	2.76	-
Rent Expense	Mr. Munjal Sharad Shah	4.80	0.40
Loans Taken	Mr. Munjal Sharad Shah	339.00	2,425.25
	Mr. Sharad Shah	7.00	92.48
Loans Repaid	Mr. Munjal Sharad Shah	900.65	1,017.05
	Mr. Sharad Shah	24.97	119.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 34 RELATED PARTY DISCLOSURES : (Contd..)

B. Balances with Subsidiary Companies:

(₹ in Lakhs)

Name of the Related Parties	As at 31st March, 2021	As at 31st March, 2020
Investment		
Paras Aerospace Private Limited	0.60	1.00
Paras Green Optics Private Limited	1.00	1.00
Paras Anti- Drone Technologies Private Limited	0.55	1.00
OPEL Technologies PTE Ltd	0.05	0.05
Loans		
OPEL Technologies PTE Ltd	-	5.52
Loans to Subsidiaries - Interest Receivables		
Paras Aerospace Private Limited	-	0.16
OPEL Technologies PTE Ltd	-	0.60
Trade Receivables		
OPEL Technologies PTE Ltd	255.03	2.60
Rent Receivables		
Paras Green Optics Private Limited	-	1.62
Paras Anti- Drone Technologies Private Limited	-	2.27
Balance with other Related Parties:		
Advance to Employee Given		
Mr. Anish Mehta	-	2.76
Current-Borrowings - Loan		
Mr. Munjal S. Shah	851.82	1,413.47
Mr. Sharad Virji Shah	-	17.97
Other Payable (Rent Payable)		
Mr. Munjal S. Shah	0.37	0.40
Other Payables (Salary & Director Sitting Fees Payable)		
Mr. Munjal S. Shah	4.63	6.18
Mrs. Ami Munjal Shah	0.97	1.49
Mrs.Shilpa Mahajan	0.89	0.89
Mr. Harsh Bhansali	0.21	0.97
Mrs. Kajal Bhansali	2.37	2.29
Mr. Amit Mahajan	1.08	0.89
Mr. Anish Mehta	1.42	0.28
Mr. Ajit Sharma	0.80	0.85
Mr. Sharad Virji Shah	-	0.31

(₹ in Lakhs)

C. Compensation to Key Management Personnel of the Company	2020-21	2019-20
Nature of transaction		
Short-term employee benefits	102.60	85.56
Post-employment benefits	(13.22)	8.13
Total compensation to Key Management Personnel	**89.38**	**93.69**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 35 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 ₹ 53.32 lakhs (Previous year : ₹ 40.05 Lakhs)

b. Expenditure incurred related to Corporate Social Responsibility is ₹ 53.50 Lakhs (Previous year : ₹ 40.50 Lakhs)

Details of Expenditure incurred towards CSR given below:

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Environmental Sustainability and Animal Welfare	-	3.00
Health Care, Sanitation and providing Drinking Water (Refer Note no 35.1)	53.50	37.00
Rural Development	-	0.50
TOTAL	**53.50**	**40.50**

35.1 At the year end the company has contributed ₹ 53.50 lakhs to a charitable trust which has provided an utilisation certificate stating that the funds so contributed will be utilised towards its objects within 6 months from the year ended 31st March, 2021.

NOTE: 36 FAIR VALUES

36.1 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 financial statements.

a) Financial Assets / Liabilities measured at Fair Value:-

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial Assets designated at Fair Value through profit and loss:-		
- Investments	112.58	5.00

b) Financial Assets / Liabilities designated at Amortised Cost:-

(₹ in Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets :				
Financial Assets designated at Amortised Cost:-				
- Trade Receivables	9,496.86	9,496.86	9,725.78	9,725.78
- Cash and cash equivalents	402.22	402.22	119.92	119.92
- Bank Balance other than Cash and Cash Equivalents	358.98	358.98	312.60	312.60
- Loans	4.92	4.92	9.61	9.61
- Others	167.39	167.39	91.47	91.47
TOTAL	**10,430.37**	**10,430.37**	**10,259.38**	**10,259.38**
Financial Liabilities :				
Financial Liabilities designated at Amortised Cost:-				
- Borrowings	9,298.14	9,298.14	9,648.07	9,648.07
- Lease Liabilities	-	-	10.12	10.12
- Trade Payable	1,531.81	1,531.81	2,671.52	2,671.52
- Other Financial Liabilities	1,508.78	1,508.78	885.64	885.64
TOTAL	**12,338.73**	**12,338.73**	**13,215.35**	**13,215.35**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 36 FAIR VALUES (Contd..)

36.2 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 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.

36.3 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:

(₹ in Lakhs)

Particulars	31.03.2021		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 5.00
Investment in Equity Shares & 0% Optionally Convertible Security	-	-	107.58

(₹ in Lakhs)

Particulars	31.03.2020		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 5.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 36 FAIR VALUES (Contd..)

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at 31st March, 2021.

(₹ in Lakhs)

Particulars	As at 31st March, 2021	Valuation Technique	Input used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares & 0% Optionally Convertible Security	107.58	Based on professional valuer's certificate	Revenue Multiple Method

since the investments under level 3 of the fair value hierarchy as at 31st March, 2021 and 31st March, 2020 category are not material, therefore the disclosure for the same is not given.

NOTE: 37 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Company is exposed to market risk, credit risk and liquidity 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.

37.1 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 31st March, 2021 and 31st March, 2020

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, SGD, AED 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 31st March, 2021	Currency	Amount in FC	₹ in lakhs
Investment	USD	1,47,497	107.58
Trade Receivable	USD	8,43,928	620.33
Trade Receivable	EURO	1,72,026	148.11
Trade Receivable	AED	88,200	17.59
Trade Payable	USD	10,09,557	742.07
Trade Payable	EURO	61,841	53.24
Trade Payable	GBP	9,081	9.17

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 37 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

37.1 Market Risk and Sensitivity: (Contd..)

Unhedged Foreign currency exposure as at 31st March, 2020	Currency	Amount in FC	₹ in lakhs
Trade Receivable	USD	24,73,869	1,871.85
Trade Receivable	EURO	95,902	79.38
Trade Payable	USD	15,51,478	1,173.93
Trade Payable	EURO	19,642	16.26
Trade Payable	SGD	800	0.42
Trade Payable	GBP	4,318	4.04

(a) Foreign Currency Sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on Profit Before Tax (PBT):-

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)
USD	(0.28)	0.28	13.96	(13.96)
EURO	1.90	(1.90)	1.26	(1.26)
GBP	(0.18)	0.18	(0.08)	0.08
SGD	-	-	(0.01)	0.01
AED	0.35	(0.35)	-	-
Increase / (Decrease) in Profit Before Tax	**1.79**	**(1.79)**	**15.13**	**(15.13)**

(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 non current borrowings in the form of term loan. Also, the Company is having current borrowings in the form of working capital, Optionally convertible Preference Sharesand and inter corporate deposits. There is a fixed rate of interest in case of vehicle loan, optionally convertible preference shares and 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 term loan and 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:

(₹ in Lakhs)

Particulars	31st March, 2021	31st March, 2020
Term Loan From Banks and Financial Institutions	3,421.66	3,990.83
Working Capital Facility	4,319.82	4,499.58
Closing Balances	**7741.48**	**8,490.41**

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.

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)
Term Loan From Banks and Financial Institutions	(68.43)	68.43	(79.82)	79.82
Working Capital Facility	(86.40)	86.40	(89.99)	89.99
Increase / (Decrease) in Profit Before Tax	**(154.83)**	**154.83**	**(169.81)**	**169.81**

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 37 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

37.2 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 operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

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.

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	10,111.56	614.70	10,225.18	499.40

The ageing analysis of the Trade receivables has been considered from the date of invoice:

(₹ in Lakhs)

Particulars	As on March 31, 2021	As on March 31, 2020
Upto 30 Days	6,845.27	5,597.62
30- 180 Days	1,267.89	1,781.57
Above 180 Days	1,998.40	2,845.99
Total	**10,111.56**	**10,225.18**

The following table summarizes the changes in the Provisions made for the receivables:

(₹ in Lakhs)

Particulars	31st March, 2021	31st March, 2020
Opening Balances	499.40	364.51
Provided during the year	115.30	134.89
Closing Balances	**614.70**	**499.40**

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.

37.3 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 suppliers credit and 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 37 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

37.3 Liquidity Risk : (Contd..)

The below table summaries the maturity profile of the Company's financial liability :

(₹ in Lakhs)

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
As at 31st March, 2021					
Non Current Borrowings	-	1,248.13	2,045.40	512.68	3,806.21
Short Term Borrowings	5,171.64	1573.56	-	-	6,745.20
Trade Payable		1531.81	-	-	1,531.81
Other Financial Liabilities	-	260.65	-	-	260.65
Total	**5,171.64**	**4,614.15**	**2,045.40**	**512.68**	**12,343.87**
As at 31st March, 2020					
Non Current Borrowings	-	637.60	2,913.57	768.62	4,319.79
Lease Liabilities	-	6.09	10.12	-	16.21
Short Term Borrowings	5,973.03	-	-	-	5,973.03
Trade Payable	-	2,671.52	-	-	2,671.52
Other Financial Liabilities	-	241.95	-	-	241.95
Total	**5,973.03**	**3,557.16**	**2,923.69**	**768.62**	**13,222.50**

37.4 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: 38 CAPITAL RISK MANAGEMENT

For the purpose of Company's capital management, capital includes issued capital, all other equity reserves and 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 non-current and current debts as reduced by cash and cash equivalents, other bank balances, non current bank deposits. Equity comprises all components including other comprehensive income.

The Company monitors capital using gearing ratio, which is net debt divided by total capital (Equity plus net debt).

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Total Debt	10,551.40	10,292.81
Less: Cash and cash equivalent	402.22	119.92
Less: Other Bank Balances	358.98	312.60
Less: Non current Bank Deposits	119.03	24.03
Net Debt	**9,671.17**	**9,836.26**
Equity	20,637.07	17,299.92
Total Capital (Equity + Net Debt)	**30,308.24**	**27,136.18**
Gearing ratio	**31.91%**	**36.25%**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 39 DETAILS OF INVESTMENT MADE AND LOAN GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013.

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Investment Made		
Paras Aerospace Private Limited	0.60	1.00
Paras Green Optics Private Limited	1.00	1.00
Paras Anti- Drone Technologies Private Limited	0.55	1.00
OPEL Technologies PTE Ltd	0.05	0.05
Loan to Subsidiaries Company *		
Paras Aerospace Private Limited	-	0.16
OPEL Technologies PTE Ltd	-	6.12

*Above loan given for business purpose

NOTE:40

The outbreak of COVID-19 virus continues to spread across the globe including India and to control, the Government authorities had been forced to commence nationwide lockdown. The operations of the Company remained completely shut down in the month of April 2020 and thereafter operations have been started slowly as per the instruction of the State Government / Local authorities. Due to COVID-19, in the first half of the year the company's operations and revenue were impacted significantly, however during the second half of the year, the operations of the Company have improved and the Company was able to maintain the profitability. The current '"second wave" that has significantly increased the number of infected cases in India, has resulted in slowing down the operation due to regional / local restrictions in areas with a significant number of COVID-19 cases. The Company has been taking various precautionary measures to protect its employees, customers and society at large, like control movement, maintaining social distancing, taking appropriate and stringent hygiene measures and following the directions of Government regulatory authorities. The Company believes that the Pandemic is not likely to impact the carrying value of its assets. The Company continues to closely monitor the development and possible effects that may result from the current pandemic, on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of date of approval of these standalone financial statements.

NOTE:41 ASSETS HELD FOR SALE

(₹ in Lakhs)

Description of the assets held for sale	As at 31st March, 2021	As at 31st March, 2020
Flat - Guest House (Refer Note No. 41.1)	250.65	250.66
Furniture & Fixtures (Refer Note No. 41.1)	4.49	-
Office Equipments (Refer Note No. 41.1)	5.85	-
Flat - Guest House (Refer Note No. 41.2)	151.00	-
Total	**411.99**	**250.66**

41.1 On 19th December, 2019, the Board of Directors of the Company decided to sell the Guest House at Mulund and accordingly the same were classified as assets held for sale. The Company has received an advance of ₹. 21.00 Lakhs towards these assets and subsequent to year end the Company has transferred the said assets. As at 31st March, 2021 the same is continued to disclose as assets held for sale.

41.2 On 9th October, 2020, the Board of Directors of the Company has decided to sell the Guest House at Santacruz and accordingly, this asset is classified as assets held for sale. The Company has received an advance of ₹ 2.00 Lakh and is expecting to dispose it of within a period of next one year. The Guest House was measured at the lower of its carrying value and fair value less costs to sell at the time of reclassification, resulting in the recognition of a write down of ₹ 7.16 Lakhs as impairment loss in the statement of profit and loss. The Fair value is determined using the ready reckoner rate as on date and it is categorised in Level 3 fair value hierarchy.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE:42 GROUP INFORMATION

	Name	Principal Place of Business	% Equity interest As at 31st March, 2021	% Equity interest As at 31st March, 2020
A	**Indian subsidiaries**			
	Paras Aerospace Private Limited (Formerly known as Paras Aerospace Solutions Private Limited)	India	60%	100%
	Paras Green Optics Private Limited	India	100%	100%
	Paras Anti-Drone Technologies Private Limited (Formerly know as Paras Strategic Technologies Private Limited)	India	55%	100%
B	**Overseas Subsidiary**			
	OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	Singapore	100%	100%

NOTE:43 PROVISION

Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":-

Movement in provisions:-

(₹ in Lakhs)

Nature of provision	Provision for Expected Credit loss on Trade Receivable	Provision for Doubtful Advance	Total
As at 1st April 2019	364.51	-	364.51
Provision during the Year	134.89	50.00	184.89
As at 31st March, 2020	**499.40**	**50.00**	**549.40**
Provision during the Year	115.30	-	115.30
Provision Reversed during the Year	-	(50.00)	(50.00)
As at 31st March, 2021	**614.70**	**-**	**614.70**

NOTE: 44 SEGMENT REPORTING

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

The chief operating decision maker (CODM) has identified following reportable segments of its business.

a. Heavy Engineering

b. Defence & Space Optics

c. Defence Electronics

I Segment wise Revenue

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Segment Revenue		
a. Heavy Engineering	3,777.51	6,412.94
b. Defence & Space Optics	6,478.30	5,110.22
c. Defence Electronics	3,023.88	3,133.71
Revenue From Operations	**13,279.69**	**14,656.87**
Segment Results		
a. Heavy Engineering	565.44	1,149.96
b. Defence & Space Optics	3,895.13	3,403.89
c. Defence Electronics	373.91	307.19
Total	**4,834.48**	**4,861.04**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 44 SEGMENT REPORTING (Contd..)

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" : (Contd..)

I Segment wise Revenue (Contd..)

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
i) Finance Costs	(1,240.65)	(977.18)
ii) Other unallocable expenditure	(1,541.08)	(1,895.90)
iii) Unallocable Income	132.87	221.82
Profit before exceptional items and Tax	**2,185.62**	**2,209.78**
Exceptional items	-	-
Profit Before Tax	**2,185.62**	**2,209.78**

II Segment wise Assets and Liabilities:

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Segment Assets		
a. Heavy Engineering	11,810.57	14,249.12
b. Defence & Space Optics	16,630.94	11,429.47
c. Defence Electronics	3,729.48	4,786.75
d. Unallocable	3,984.11	3,724.90
Total	**36,155.10**	**34,190.24**
Segment Liabilities		
a. Heavy Engineering	248.81	759.12
b. Defence & Space Optics	717.65	1,039.36
c. Defence Electronics	564.98	936.15
d. Unallocable	13,986.59	14,155.69
Total	**15,518.03**	**16,890.32**

III Other Informations

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Capital Expenditure	532.49	439.97
Depreciation	964.19	971.16
Non-cash Expenses other than Depreciation	128.38	184.89

B. Segment Identification, Reportable Segments and definition of each segment :

a. Reportable Segments:

The Company's operating segments are established on the basis of those components that are evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and in assessing performance. These have been identified and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Company.

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. Since all the operations of the Company are predominantly conducted within India, there are no separate geographical reportable segments.

iii. No Non-Current Assets of the Company is located outside India as on 31st March, 2021 and 31st March 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 44 SEGMENT REPORTING (Contd..)

IV Segment Composition:

a. Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes, Radar Array cooling assemblies for Naval Applications 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, Reflex Sights and Precision Diamond Turned components.

c. Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles and EMP Solutions.

V Information about major customers:

a. Revenue from operations include ₹ 6073.34 Lakhs, (31st March, 2020 : 9427.42 Lakhs) from three customers (31st March, 2020: four customers) having more than 10% of the total revenue.

NOTE:45

The Management and authorities have the power to amend the Financial Statements in accordance with section 130 and 131 of the Companies Act, 2013.

NOTE:46

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)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

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"), which comprise the Consolidated Balance sheet as at March 31, 2021, 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 the subsidiary, 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 as at March 31, 2021 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 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw your attention to the Note no. 40 to the Consolidated Financial Statements, which describes the uncertainties related to COVID-19 Pandemic and its consequential effects on the affairs of the Group.

Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and Chairman's Statement included in the annual report but does not include the Consolidated Financial Statements and our auditor's report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 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 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 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 are responsible for assessing the ability of the Group 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 the Group 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 are responsible for overseeing the financial reporting process of the Group.

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 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 Group 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 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 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 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 auditor, such other auditor remain 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 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.

Other Matter

We did not audit the financial statements of one subsidiary, incorporated in Singapore, whose financial statements reflect total assets of ₹ 266.08 Lakhs as at March 31, 2021, total revenues of ₹ 1,699.55 Lakhs and net cash inflows amounting to ₹ 0.86 Lakh for the year ended on that date. These financial statements have been audited by other auditors whose report 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 subsidiary, and our report, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion above on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit of the Holding Company and its subsidiaries, companies incorporated in India, we report, to the extent applicable, 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 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 Consolidated Cash Flow Statement 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 and its subsidiaries, companies incorporated in India, as on March 31, 2021 and taken on record by the Board of Directors of the Holding Company and its subsidiaries, companies incorporated in India, none of the directors of the Holding Company and its subsidiaries, companies incorporated in India, is disqualified as on March 31, 2021 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 A", 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:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Holding Company to its directors during the year is in accordance with the provisions of section 197 (16) 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:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group as referred to in Note No. 34 to the Consolidated Financial Statements;

   ii. The Group 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, companies incorporated in India.

For **CHATURVEDI & SHAH LLP**
Chartered Accountants
Firm Reg. No. 101720W / W100355

R. KORIA
Partner
Membership No. 35629
UDIN No.: 21035629AAAACB6486

Mumbai
Date: July 06, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S 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, 2021)

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, 2021 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 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 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 system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, 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 system 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls 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, 2021, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company 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

R. KORIA
Partner
Membership No. 35629
UDIN No.: 21035629AAAACB6486

Mumbai
Date: July 06, 2021

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2021

(₹ in Lakhs)

PARTICULARS		Note No.	As at 31.03.2021		As at 31.03.2020	
I.	**ASSETS**					
1)	**Non Current Assets**					
(a)	Property, Plant and Equipment	2	15,513.19		15,578.76	
(b)	Capital Work in Progress	2	51.12		490.50	
(c)	Intangible Assets	3	149.70		204.44	
(d)	Financial Assets					
	i) Investments	4	112.58		5.00	
	ii) Other Financial Assets	5	119.03		28.13	
(e)	Non Current Tax Assets		0.28		-	
(f)	Other Non Current Assets	6	122.96	**16,068.86**	140.90	**16,447.73**
2)	**Current Assets**					
(a)	Inventories	7	7,471.09		6,043.02	
(b)	Financial Assets					
	i) Trade Receivables	8	9,485.46		9,759.99	
	ii) Cash and Cash Equivalents	9	468.26		125.36	
	iii) Bank Balances other than (ii) above	10	363.35		312.60	
	iv) Loans	11	4.92		3.33	
	v) Other Financial Assets	12	48.37		63.56	
(c)	Other Current Assets	13	1,953.30		1,232.37	
			19,794.75		**17,540.23**	
(d)	Assets held for Sale	41	**411.99**	**20,206.74**	**250.66**	**17,790.89**
	TOTAL ASSETS			**36,275.60**		**34,238.62**
II.	**EQUITY AND LIABILITIES**					
	EQUITY					
(a)	Equity Share Capital	14	2,985.31		2,841.26	
(b)	Other Equity	15	17,678.18		14,421.03	
	Equity attributable to Owners			**20,663.49**		**17,262.29**
	Non Controlling Interest			**6.90**		**-**
	TOTAL EQUITY			**20,670.39**		**17,262.29**
	LIABILITIES					
1)	**Non Current Liabilities**					
(a)	Financial Liabilities					
	i) Borrowings	16	2,552.94		3,675.04	
	ii) Lease Liabilities	17	5.93		10.12	
(b)	Provisions	18	119.33		129.62	
(c)	Deferred Tax Liabilities (Net)	19	2,313.99	**4,992.19**	2,349.62	**6,164.40**
2)	**Current Liabilities**					
(a)	Financial Liabilities					
	i) Borrowings	20	6,803.80		6,019.71	
	ii) Lease Liabilities	21	6.22		6.09	
	iii) Trade Payables	22				
	Total Outstanding dues of Micro enterprises and small enterprises		93.43		698.70	
	Total Outstanding dues of creditors other than Micro enterprises and small enterprises		1,438.72		2,005.56	
	iv) Other Financial Liabilities	23	1,519.23		885.15	
(b)	Other Current Liabilities	24	60.75		604.51	
(c)	Provisions	25	14.80		15.34	
(d)	Current Tax Liabilities (Net)		676.07	**10,613.02**	576.87	**10,811.93**
	TOTAL EQUITY AND LIABILITIES			**36,275.60**		**34,238.62**
	Significant Accounting Policies	1				
	Notes to the Consolidated Financial Statements	2 to 47				

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakhs)

	Particulars	Note No.	For the Year ended 31.03.2021	For the Year ended 31.03.2020
1	Revenue From Operations	26	14,332.99	14,704.28
2	Other Income	27	127.55	200.78
3	**Total Income (1+2)**		**14,460.54**	**14,905.06**
4	**Expenses**			
	Cost of Materials Consumed		5,986.72	7,397.48
	Purchase of Stock in Trade		1,348.71	43.14
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	28	(804.40)	(158.10)
	Employee Benefits Expense	29	1,173.77	1,096.40
	Finance Costs	30	1,240.93	977.27
	Depreciation and Amortisation Expense	31	965.36	971.19
	Other Expenses	32	2,288.44	2,398.46
	Total Expenses		**12,199.53**	**12,725.84**
5	**Profit Before Exceptional Items and Tax (3-4)**		**2,261.01**	**2,179.22**
6	Exceptional Items		-	-
7	**Profit Before Tax (5-6)**		**2,261.01**	**2,179.22**
8	**Tax Expenses :**			
	Current Tax		728.57	661.85
	Deferred Tax	19	(46.17)	(448.78)
	Income Tax for Earlier Years		-	0.41
			682.40	**213.48**
9	**Profit for the Year (7-8)**		**1,578.61**	**1,965.74**
10	**Other Comprehensive Income**			
(i)	**Items that will not be reclassified to profit or loss**			
	Remeasurement Losses / (Gains) on Defined Benefit Plans		(41.87)	(80.30)
	Tax Effect on above		10.54	20.21
(ii)	**Items that will be reclassified to Profit or Loss**		-	-
	Exchange differences in translating the financial statement of a foreign operation		0.39	0.19
	Total Other Comprehensive Income (Net of Tax)		**(30.94)**	**(59.90)**
	Total Comprehensive Income for the Year (9-10)		**1,609.55**	**2,025.64**
11	**Profit attributable to**			
	Equity Holders of the Parent		1,572.56	1,965.74
	Non-Controlling Interest		6.05	-
12	**Other Comprehensive Income attributable to**			
	Equity Holders of the Parent		(30.94)	(59.90)
	Non-Controlling Interest		-	-
13	**Total Comprehensive Income Attributable to**			
	Equity Holders of the Parent		1,603.50	2,025.64
	Non-Controlling Interest		6.05	-
14	**Earnings per Equity Share of ₹ 10/- each**	33		
	Basic (₹)		5.55	6.92
	Diluted (₹)		5.55	6.92
	Significant Accounting Policies	1		
	Notes to the Consolidated Financial Statements	2 to 47		

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2021

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Balance as at 1st April, 2019	Changes during F.Y 2019-20	Balance as at 31st March, 2020	Changes during the year	Balance as at 31st March, 2021
Equity Share Capital	568.25	2,273.01	2,841.26	144.05	2,985.31

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Attributable to Equity Holders of Parent								Non Controlling Interest	TOTAL
	Reserves and Surplus				Revaluation Reserve	Item of Other Comprehensive Income		Total		
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans			
Balance as at 1st April, 2019	**(808.36)**	**4,934.71**	**11.92**	**6,393.05**	**4,183.09**	**0.00**	**(46.01)**	**14,668.40**	**-**	**14,668.40**
Utilised for Issue of Bonus Shares	-	(2,273.01)	-	-	-		-	(2,273.01)	-	(2,273.01)
Total Comprehensive Income for the year	-	-	-	1,965.74	-	(0.19)	60.09	2,025.64	-	2,025.64
Balance as at 31st March, 2020	**(808.36)**	**2,661.70**	**11.92**	**8,358.79**	**4,183.09**	**(0.19)**	**14.08**	**14,421.03**	**-**	**14,421.03**
Balance as at 1st April, 2020	**(808.36)**	**2,661.70**	**11.92**	**8,358.79**	**4,183.09**	**(0.19)**	**14.08**	**14,421.03**	**-**	**14,421.03**
Issue of Equity Shares (Refer Note No. 14.3)	-	1,656.95	-	-	-	-	-	1,656.95	-	1,656.95
Expenses Incurred for Isssue of Equity Shares	-	(3.30)	-	-	-	-	-	(3.30)	-	-3.30
Total Comprehensive Income for the year	-	-	-	1,572.56	-	(0.39)	31.33	1,603.50	6.05	1,609.55
Balance as at 31st March, 2021	**(808.36)**	**4,315.35**	**11.92**	**9,931.35**	**4,183.09**	**(0.58)**	**45.41**	**17,678.18**	**6.05**	**17,684.23**

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

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

AJIT SHARMA
Company Secretary
Membership No. F10165

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR YEAR ENDED 31ST MARCH, 2021

(₹ in Lakhs)

	PARTICULARS	For the Year ended 31.03.2021		For the Year ended 31.03.2020	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before Tax as per the Statement of Profit and Loss		**2,261.01**		**2,179.22**
	ADJUSTED FOR :				
	Depreciation and Amortisation Expense	965.36		971.19	
	Dividend on Non Current Investments	-		(0.50)	
	Interest Income	(24.34)		(23.61)	
	Finance Costs	1,240.93		977.27	
	(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	(3.88)		7.94	
	Impairment loss on Assets held for sale	7.16		-	
	Initial Public Offering Related Expenses	-		45.00	
	Account Written Back (Net)	-		(93.33)	
	Bad Debts / Advances written off (Net)	13.08		-	
	Provision for Expected Credit Loss	115.30		134.89	
	Provision for Doubtful Advance	-		50.00	
	Provision for Doubtful Advance written back	(50.00)		-	
	Unrealised Foreign Exchange differences	(7.32)		38.13	
	Lease Liability Reversal	(0.29)	2,256.00	-	2,106.98
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,517.01**		**4,286.20**
	ADJUSTMENTS FOR :				
	Trade and Other Receivables	(317.69)		(2,114.14)	
	Inventories	(1,428.07)		409.68	
	Trade and Other Payables	(1,649.26)	(3,395.02)	(2,137.79)	(3,842.25)
	CASH GENERATED FROM OPERATIONS		**1,121.99**		**443.95**
	Direct Taxes Paid (Including Interest)		(693.46)		(704.05)
	NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		**428.53**		**(260.10)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment and Capital Work-in-Progress		(532.49)		(405.06)
	Sale of Property, Plant and Equipment		6.11		1.84
	Purchase of Investment		(107.58)		-
	Sale of Investment		0.85		-
	Fixed Deposits		-		(100.00)
	Interest Income		6.72		15.33
	Dividend Income		-		0.50
	NET CASH USED IN INVESTING ACTIVITIES		**(626.39)**		**(487.39)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceed from Issue of Equity Shares (Net of Expenses)		1,797.70		-
	Proceed from 0.01% Optionally Convertible Preference Shares		2,999.00		-
	Redemption of 0.01% Optionally Convertible Preference Shares		(1,602.00)		-
	Proceed from Non Current Borrowings (Term Loans)		14.22		510.98
	Repayment of Non Current Borrowings		(527.80)		(893.76)
	Current Borrowings (Net)		(789.47)		2,269.35
	Payment related to Initial Public Offering		(148.01)		(45.00)
	Lease Liabilities		(7.30)		(3.52)
	Finance Costs		(1,056.79)		(952.54)
	Margin Money (Net)		(141.64)		(30.48)
	NET CASH GENERATED FROM FINANCING ACTIVITIES		**537.91**		**855.03**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		340.05		107.54
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)		125.36		17.88
	Effect of Exchange rate on Cash and Cash Equivalents		2.85		(0.06)
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (Refer Note No. 9.1)		**468.26**		**125.36**

Changes in Liabilities arising from financing activities on account of Non-Current (Including Current Maturities) and Current Borrowings

PARTICULARS	31.03.2021	31.03.2020
OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**10,332.35**	**8,487.60**
Add : Changes from Cash Flow from Financing Activities (Net)	93.95	1,886.57
Add : Change on account of processing fees	2.02	0.41
Add : Change in Fair Value	176.55	-
Less: Inter Corporate Deposits Written Back	-	42.23
CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**10,604.87**	**10,332.35**

(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)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

1.1 Corporate Information

The consolidated financial statements comprise of Paras Defence & Space Technologies Limited ("the Company") and its subsidiaries, as detailed in Note No. 42, for the year ended 31st March 2021. 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. The Group is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. The Holding Company is in the process of listing of its equity shares and it has also filed the Draft Red Herring Prospectus with the Security Exchange Board of India (SEBI) and concerned Stock Exchanges.

The consolidated financial statements for the year ended 31st March, 2021 were approved and adopted by board of directors in their meeting held on 6th July, 2021

1.2 Basis of preparation

The consolidated 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 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 per actuarial valuation.

These financial statements are presented in Indian Rupees, which is the group's functional and presentation currency and all values are rounded to the nearest lakhs, 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) 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).

iv) The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or Ind AS.

v) The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

vi) 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.

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 transition i.e. 1st April, 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 off 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. The period of amortisation is as under:

Asset	Period of amortisation
Computer Software	6 Years
Technical Know how	6 Years

(C) 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 off 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 Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing cost 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.

(D) 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 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.

(E) Government Grants and Subsidy:

The Group is entitled to subsidy from DSIR (Department of Scientific & Industrial Research), Ministry of Science & Technology for the difference between the normal rate of interest @12% and the concessional rate of interest @ 3% on financial assistance received from DSIR, subject to prompt repayment of the principal and interest thereon. Government grants are recognized only if there is reasonable assurance that the grant will be received and all the conditions attached there to shall be complied with and are adjusted against the finance costs.

(F) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

(G) Inventories:

Inventories are measured at lower of cost and net realisable value (NRV) after providing for obsolescence , if any. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated 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.

(H) 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.

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 off 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 are measured at fair value through profit or loss.

Financial assets - Derecognition

A financial asset (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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 months 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 off 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 are as 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 derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

(I) 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 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 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.

(J) Investment in Subsidiaries :

The Group has elected to recognize its investments in subsidiaries at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

(K) Revenue Recognition and Other Income:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 transfer 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 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. 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 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 Consolidated Statement of Profit or Loss.

(L) 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)

Foreign exchange differences regarded as an adjustment to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

(M) 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 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 statement of profit and loss in subsequent periods.

(N) Lease:

On April 1, 2019, the Group adopted Ind AS 116 - Leases.

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 option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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 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.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

(O) 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.

(P) 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 the financial statements. 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.

(Q) 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.

(R) 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 off outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(S) 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.

(T) Current / Non-current classification:

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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.

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.

(U) 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 Group or counterparty.

(V) 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.

1.5 Key accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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 costs of providing post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates and mortality rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

(D) Income Tax:

The Group's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

(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) Revenue

The application of Accounting Standard on Revenue Recognition involves use of key judgements with respect to multiple elements deliverables, timing of revenue recognition, accounting of discounts, incentives, etc. The Management has reviewed such accounting treatment and is satisfied about its appropriateness in terms of the relevant Ind AS.

G) 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.

H) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 2 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use of Assets (Building)	Total
Balance as at 1st April, 2019	**377.82**	**5,463.32**	**3,973.81**	**7,989.18**	**279.23**	**384.82**	**142.33**	**33.19**	**-**	**18,643.70**
Additions	-	-	-	63.15	16.51	13.05	24.39	29.73	19.73	166.56
Disposals / Adjustment	-	-	-	11.15	13.13	0.11	1.52	2.18	-	28.09
Transfer to Held for Sale (Refer Note No. 41)	-	-	265.12	-	-	-	-	-	-	265.12
Balance as at 31st March, 2020	**377.82**	**5,463.32**	**3,708.69**	**8,041.18**	**282.61**	**397.76**	**165.20**	**60.74**	**19.73**	**18,517.05**
Additions	-	-	657.95	254.26	30.49	15.44	30.04	25.52	13.18	1,026.88
Disposals / Adjustment	-	-	-	-	3.51	9.44	-	-	19.73	32.68
Transfer to Held for Sale (Refer Note No. 41)	-	-	186.75	-	7.20	-	11.12	-	-	205.07
Balance as at 31st March, 2021	**377.82**	**5,463.32**	**4,179.89**	**8,295.44**	**302.39**	**403.76**	**184.12**	**86.26**	**13.18**	**19,306.18**
Depreciation										
Balance as at 1st April, 2019	**-**	**243.51**	**474.99**	**1,101.18**	**53.24**	**123.24**	**44.29**	**14.48**	**-**	**2,054.93**
Depreciation For the Year	-	81.17	170.07	543.55	30.06	49.67	25.49	11.69	4.38	916.08
Disposals / Adjustment	-	-	-	6.26	8.98	0.09	1.24	1.69	-	18.26
Transfer to Held for Sale	-	-	14.46	-	-	-	-	-	-	14.46
Balance as at 31st March, 2020	**-**	**324.68**	**630.60**	**1,638.47**	**74.32**	**172.82**	**68.54**	**24.48**	**4.38**	**2,938.29**
Depreciation for the Year	-	81.17	165.09	540.22	27.77	45.25	25.41	18.94	6.61	910.46
Disposals / Adjustment	-	-	-	-	1.57	7.73	-	-	9.89	19.19
Transfer to Held for Sale	-	-	28.59	-	2.71	-	5.27	-	-	36.57
Balance as at 31st March, 2021	**-**	**405.85**	**767.10**	**2,178.69**	**97.81**	**210.34**	**88.68**	**43.42**	**1.10**	**3,792.99**
Net Carrying Value										
Balance As at 31st March, 2020	**377.82**	**5,138.63**	**3,078.09**	**6,402.71**	**208.28**	**224.94**	**96.66**	**36.27**	**15.35**	**15,578.76**
Balance as at 31st March, 2021	**377.82**	**5,057.47**	**3,412.79**	**6,116.75**	**204.58**	**193.42**	**95.44**	**42.84**	**12.08**	**15,513.19**

2.1 Property, Plant and Equipment include assets pledged / hypothecation as security (Refer note no. 16 and 20).

2.2 Vehicles, having carrying value of ₹ 162.44 lakhs (31st March, 2020 : ₹ 213.25 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. 34 (B) for contractual commitments for the acquisition of Property, Plant & Equipments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 2 PROPERTY, PLANT AND EQUIPMENT (Contd..)

2.4 CAPITAL WORK IN PROGRESS INCLUDES:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Building under Construction	51.12	455.19
Pre-operative Expenses (Refer Note 2.5)	-	35.31
TOTAL	**51.12**	**490.50**

2.5 Details of Preoperative Expenses included as part of Capital Work In Progress are as under:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Employee Benefits Expense	5.14	-
Finance Costs	46.21	35.31
Pre-operative Expenses for the year	51.35	35.31
Add : Pre-operative Expenses upto Previous Year	35.31	-
	86.66	**35.31**
Less: Allocated during the year to Property, Plant & Equipment	86.66	-
TOTAL	**-**	**35.31**

2.6 Building includes cost of shares in Co-operative society of ₹ 750 (Previous year ₹ 750).

2.7 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 31st March, 2021

NOTE : 3 INTANGIBLE ASSETS

(₹ in Lakhs)

PARTICULARS	Computer Software*	Process Technology / Technical know How*	TOTAL
Balance as at 1st April, 2019	**4.33**	**309.14**	**313.47**
Additions	19.08	-	19.08
Balance as at 31st March, 2020	**23.41**	**309.14**	**332.55**
Additions	0.16	-	0.16
Balance as at 31st March, 2021	**23.57**	**309.14**	**332.71**
Amortisation			
Balance as at 1st April, 2019	**0.47**	**72.53**	**73.00**
Amortisation charge for the Year	3.59	51.52	55.11
Balance as at 31st March, 2020	**4.06**	**124.05**	**128.11**
Amortisation charge for the Year	3.38	51.52	54.90
Balance as at 31st March, 2021	**7.44**	**175.57**	**183.01**
Net Carrying Amount			
Balance As at 31st March, 2020	**19.35**	**185.09**	**204.44**
Balance As at 31st March, 2021	**16.13**	**133.57**	**149.70**

* Other than self generated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 4 NON CURRENT INVESTMENTS

(₹ in Lakhs)

PARTICULARS	Number of Shares		Face Value (in ₹)	As at 31.03.2021	As at 31.03.2020
	31.03.2021	31.03.2020			
(Unquoted, Fully Paid Up)					
Carried at fair value through Profit and Loss					
A. Investment in Equity Instruments					
NKGSB Co- Operative Bank Limited	50,000	50,000	10	5.00	5.00
Highlander Aviation Limited	10,357	-	NIS 0.01	34.69	-
B. Investment in 0% Optionally Convertible Security					
Highlander Aviation Limited#	-	-	-	72.89	-
TOTAL				**112.58**	**5.00**

#Pursuant to Advance Investment Agreement dated 22nd September, 2020, the Company has made an investment and remitted USD 100,000, in respect of which the certificate is yet to be received. The remaining commitment pursuant to the agreement as at 31st March, 2021 is of USD 252,503.

(₹ in Lakhs)

PARTICULARS	31.03.2021	31.03.2020
Aggregate Amount of Unquoted Investments	112.58	5.00
Aggregate Amount of Quoted Investments and Market Value	-	-
Investment Carried at fair value through Profit & Loss	112.58	5.00

NOTE: 5
OTHER NON CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Fixed Deposits with Banks held as Margin Money	119.03	28.13
TOTAL	**119.03**	**28.13**

NOTE: 6
OTHER NON CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Capital Advances	48.02	41.47
Security Deposits	70.59	84.93
Prepaid Expenses	4.35	14.50
TOTAL	**122.96**	**140.90**

NOTE: 7
INVENTORIES

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Raw Materials	626.27	1,986.95
Raw Materials In Transit	1,921.28	-
Work-in-Progress	4,072.33	3,060.23
Finished Goods	396.82	629.82
Stock In Trade	34.37	9.07
Stores, Spares and Consumables	420.02	356.95
TOTAL	**7,471.09**	**6,043.02**

7.1 For basis of valuation Refer Accounting Policy Note No. 1.4(G)

7.2 For Inventories hypothecated as security (Refer Note No.16 and 20)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 8
TRADE RECEIVABLES

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
(Unsecured)		
Considered Good	9,910.38	10,065.35
Significant Increase in Credit Risk	189.78	194.04
	10,100.16	10,259.39
Less: Provision for Expected Credit Loss	614.70	499.40
TOTAL	**9,485.46**	**9,759.99**

8.1 Hypothecated as security (Refer Note No. 16 and 20)

NOTE: 9
CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	465.19	119.35
Cash on hand	3.07	6.01
TOTAL	**468.26**	**125.36**

9.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Balances with Banks in Current Accounts	465.19	119.35
Cash on hand	3.07	6.01
TOTAL	**468.26**	**125.36**

NOTE: 10
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Fixed Deposits with Banks	100.00	100.00
Fixed Deposits with Banks Pledged as Margin Money	263.35	212.60
TOTAL	**363.35**	**312.60**

NOTE: 11
LOANS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Loans to Employees	4.92	#3.33
TOTAL	**4.92**	**3.33**

#Includes related parties (Refer Note No. 35)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 12
OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good)		
Interest Receivables	32.61	14.99
Government Grant Receivables	11.00	30.66
Duty Drawback Receivable	4.64	17.91
Other Receivables	0.12	-
TOTAL	**48.37**	**63.56**

NOTE: 13
OTHER CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Advances to Suppliers		
Considered Good	1,729.15	1,093.78
Considered Doubtful	-	50.00
	1,729.15	**1,143.78**
Less : Provision for Doubtful	-	50.00
	1,729.15	**1,093.78**
Balances with Government Authorities	102.82	32.30
Export Incentive Receivables	37.75	47.02
Security Deposits	18.59	9.20
Others*	64.99	50.07
TOTAL	**1,953.30**	**1,232.37**

*Others Includes prepaid expenses, advances for expenses, etc.

NOTE: 14
EQUITY SHARE CAPITAL

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Authorised*		
30,510,000 (Previous Year : 45,385,000) Equity Shares of ₹ 10/- each.	3,051.00	4,538.50
2,999,000 (Previous Year: NIL) Preference Shares of ₹ 100/- each.	2,999.00	-
	6,050.00	**4,538.50**
Issued		
30,253,177 (Previous Year : 28,412,670) Equity Shares of ₹ 10/- each fully paid up	3,025.31	2,841.26
	3,025.31	**2,841.26**
Subscribed and Paid up		
29,853,177 (Previous Year : 28,412,670) Equity Shares of ₹ 10/- each fully paid up	2,985.31	2,841.26
TOTAL	**2,985.31**	**2,841.26**

*During the year, the Holding Company has increased the authorised share capital and reclassified the same.

14.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,84,12,670	2,841.26	56,82,534	568.25
Add: Issue of Bonus Shares (Refer Note No. 14.4)	-	-	2,27,30,136	2,273.01
Add: Issue of Equity Shares (Refer Note No. 14.2 & 14.3)	14,40,507	144.05	-	-
Shares outstanding at the end of the year	**2,98,53,177**	**2,985.31**	**2,84,12,670**	**2,841.26**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 14
EQUITY SHARE CAPITAL (Contd..)

14.2 On 13th August, 2020 the Holding Company issued 507 equity shares, Face Value of ₹ 10 each at a premium of ₹ 187/- per share.

14.3 On 18th March, 2021, the Shareholders of the Holding Company has approved the issue and offer of 18,40,000 equity shares of face value of ₹ 10 each at a premium of ₹ 115/- per share on preferential basis; out of which the Holding Company has allotted of 14,40,000 equity shares as on 31st March, 2021.

14.4 During the previous year, the Holding Company issued and alloted 22,730,136 bonus equity shares of 10/-each in the proportion of 1:4 to its shareholders by capitalising securities premium of ₹ 2273.01 lakhs.

14.5 2,53,12,670 (Previous Year: 2,53,12,670) Shares were alloted in last five years pursuant to the schemes of Amalgamation and Bonus Shares without payment being received cash.

14.6 Details of Shareholders, holding more than 5% shares of the Holding Company:

Name of Shareholders	As at 31.03.2021		As at 31.03.2020	
	No of Shares held	Percentage held	No of Shares held	Percentage held
Mr. Sharad Virji Shah	85,24,840	28.56%	85,24,840	30.00%
Mr. Munjal Sharad Shah	97,42,630	32.64%	97,42,630	34.29%
Mrs. Ami Munjal Shah	19,41,580	6.50%	19,41,580	6.83%

14.7 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: 15
OTHER EQUITY

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021		As at 31.03.2020	
Capital Reserve				
Balance as per last Balance Sheet		**(808.36)**		**(808.36)**
Securities Premium				
Balance as per last Balance Sheet	2,661.70		4,934.71	
Add: On Issue of Equity shares (Refer Note No. 14.2 & 14.3)	1,656.95		-	
Less: Expenses incurred for issue of shares	(3.30)		-	
Less: Utilised for issue of Bonus Shares (Refer Note no. 14.4)	-		2,273.01	
		4,315.35		**2,661.70**
Revaluation Reserve				
Balance as per last Balance Sheet		**4,183.09**		**4,183.09**
General Reserve				
Balance as per last Balance Sheet		**11.92**		**11.92**
Retained Earnings				
Balance as per last Balance Sheet	8,358.79		6,393.05	
Add: Profit after tax for the Year	1,572.56	**9,931.35**	1,965.74	**8,358.79**
Other Comprehensive Income (OCI)				
Balance as per last Balance Sheet	13.89		(46.01)	
Add: Movement in OCI (Net) during the Year	30.94		59.90	
		44.83		**13.89**
TOTAL		**17,678.18**		**14,421.03**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE NO. 15.1 NATURE AND PURPOSE OF RESERVES

Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited, 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: 16
NON CURRENT BORROWINGS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Secured		
Term Loans		
- From Banks*	1,889.35	2,562.60
- From Financial Institution*	663.59	1,017.16
- From Department of Scientific & Industrial Research of Government of India (DSIR)	-	95.28
TOTAL	**2,552.94**	**3,675.04**

*Net of Processing Fees of ₹ 5.13 Lakhs (Previous Year ₹ 7.15 Lakhs)

16.1 The Term loans from banks referred to above aggregating to ₹ 1890.38 Lakhs and ₹ 765.17 Lakhs included in current maturity of long Term Debts in Note No. 23 includes:

(i) ₹ 756.93 lakhs secured by way of Equitable mortgage of Land and Building on Plot no. M-6, Additional Ambernath Industrial area, Ambernath-421506, Maharashtra, India (Measuring 21569 sq mtrs) and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(ii) ₹ 177.50 lakhs secured by the Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery. The loan is repayable in 30 equal monthly installments ending in September 2023.

(iii) ₹ 150.94 lakhs secured by Hypothecation of Flow Forming Machine and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(iv) ₹ 65.91 lakhs hypothicated by Vacuume Epoxy Resin and Dosing Machine and further secured by collateral security of plant and machinery. The loan is repayable in 33 equal monthly installments ending in December 2023.

(v) ₹ 248.63 lakhs secured by Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery present and future. The loan is repayable in 48 equal monthly installments ending in March 2025.

(vi) ₹ 1140.12 lakhs secured by Pari Passu Charge on all existing and future current assets / movable fixed assets of the Holding Company and further secured by Collateral Security of 1) Premises no. 103, 1st floor, veena industrial premises Co-operative Society Limited, Plot no. B-61, veera desai road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, veena Industrial premises Co-operative Society Limited, Plot no.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 16

NON CURRENT BORROWINGS (Contd..)

B -61, 400058. 3) Unit no. 209B, 2nd floor, veena Industrial premises Co-operative Society Limited, Plot no. B 61, 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 400076. The loan is repayable as follows.

- The loan of ₹ 188.76 Lakhs is repayable in 38 equal monthly installments ending in May 2024.
- The loan of ₹ 624.15 Lakhs is repayable in 28 equal monthly installments ending in July 2023.
- The loan of ₹ 178.64 Lakhs is repayable in 52 equal monthly installments ending in July 2025.
- The loan of ₹ 148.57 Lakhs is repayable in 22 equal monthly installments ending in Jan 2023.

(vii) ₹ 115.52 lakhs secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 26 to 48 equal monthly installments. These vehicle loan accounts are in the name of directors / erstwhile director of the Companies or of entities that have since been amalgamated with the Holding company in pursuance to the scheme of amalgamation.

16.2 The Term loans from financial institutions referred to above aggregating to ₹ 667.69 Lakhs and ₹ 142.89 Lakhs included in current maturity in Note No. 23 includes:

(i) ₹ 111.79 lakhs secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 144 equal monthly installments ending in March 2033.

(ii) ₹ 51.53 lakhs secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 146 equal monthly installments ending in May 2033.

(iii) ₹ 473.50 lakhs secured by 396/397A , TTC Industrial Area, Mahape, Navi Mumbai 400710, owned by Mr Sharad Shah. The loan is repayable in 180 equal monthly installments ending in March 2036.

(iv) ₹ 171.22 lakhs secured by way of hypothecation/exclusive charge on specific Equipment finance. The loan is repayable as follows:

- The loan of ₹ 13.18 Lakhs is repayable in 10 equal monthly installments ending in January 2022.
- The loan of ₹ 68.41 Lakhs is repayable in 25 equal monthly installments ending in April 2023.
- The loan of ₹ 89.63 Lakhs is repayable in 14 equal monthly installments ending in May 2022.

(v) ₹ 2.54 lakhs secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 9 equal monthly installments. These vehicle loan accounts are in the name of directors / erstwhile director of the Company or of entities that has since been amalgamated with the Holding company in pursuance to the scheme of amalgamation.

16.3 The Term loan from financial institution of ₹ 244.79 lakhs secured by Flat no. 604/605, Nirmal nagar kalinga CHSL, Nirmal nagar, Line road, D mart, Mulund W, Mumbai, Maharashtra India 400080 and included in liabilities directly associated with Assets classified as Held for Sale in Note No. 23.

16.4 Term loan from DSIR is ₹ NIL and ₹ 95.28 lakhs (includes Fair valuation of first interest installment of term loan from DSIR of ₹ 15.28 Lakhs) included in current maturity of long term debts in note no 23 is covered by bank guarantees. The loan is repayable in July 2021.

16.5 Interest rates on above term loan ranges from 8.49% p.a to 13.00% p.a.

16.6 The Term loans referred to above are guaranteed by some of the directors, erstwhile directors and their relative in their personal capacities.

16.7 Maturity profile of Term Loans is as under:

(₹ in Lakhs)

Financial Year	Amount	Financial Year	Amount	Financial Year	Amount
2021-2022	1,248.13	2028-2029	42.81	2035-2036	62.57
2022-2023	889.09	2029-2030	47.86		
2023-2024	586.87	2030-2031	53.50		
2024-2025	402.19	2031-2032	59.81		
2025-2026	167.25	2032-2033	66.87		
2026-2027	34.25	2033-2034	50.93		
2027-2028	38.29	2034-2035	55.78		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 17

LEASE LIABILITIES

(₹ in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	5.93	10.12
TOTAL	**5.93**	**10.12**

17.1: The following is the movement in lease liabilities during the year :

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Opening Balance	16.21	-
Add: Addition during the year	13.18	19.73
Add: Finance cost accrued during the year	1.59	1.28
Less: Payment of lease Liabilities	7.30	4.80
Less: Reversal of Lease Liabilities pursuant to cancellation of agreement	11.53	-
Closing Balance	**12.15**	**16.21**

17.2: The following is the contractual maturity profile of lease liabilities:

(₹ in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Less than one year	6.22	6.09
One year to Five years	5.93	10.12
More than five years	-	-
Total	**12.15**	**16.21**

NOTE: 18

NON CURRENT PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Provision for Gratuity	119.33	129.62
TOTAL	**119.33**	**129.62**

NOTE: 19 INCOME TAX

19.1 Current Tax

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Current Tax	728.57	661.85
Income Tax for Earlier Years	-	0.41
Total Current Tax	**728.57**	**662.26**

19.2 The major components of Tax Expense for the year ended 31st March, 2021 & previous year ended 31st March, 2020 are as follows:

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Recognised in the Consolidated Statement of Profit and Loss		
Current Tax (Refer Note No. 19.1)	728.57	662.26
Deferred Tax:-Relating to origination and reversal of temporary differences	(46.17)	(448.78)
Total Tax Expenses	**682.40**	**213.48**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 19 INCOME TAX (Contd..)

19.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended 31st March, 2021 & previous year ended 31st March, 2020:

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Accounting Profit Before Tax	2,261.01	2,179.22
Applicable tax rate (in %)	25.17%	25.17%
Computed Tax Expenses	569.05	548.47
Tax effect on account of:		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	(39.27)	2.64
Expenses not allowed under Income Tax Act	182.77	26.29
Deduction allowed under Income Tax Act	(23.64)	(3.46)
Change in Tax Regime	-	(368.95)
Brought Forward Loss adjusted in case of Indian Subsidiaries	(6.23)	-
Others*	(0.29)	8.49
Income tax Expenses recognised in the Consolidated Statement of Profit and Loss	**682.40**	**213.48**

*Others Includes Rate Difference, Dividend Income etc.

19.4 Deferred Tax Liabilities / (Assets) relates to the following :

(₹ in Lakhs)

PARTICULARS	Balance Sheet		Statement of Profit and Loss	
	As at 31st March, 2021	As at 31st March, 2020	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	2,518.83	2,532.44	(13.61)	(422.37)
Items disallowed as per Income Tax Act, 1961	(204.84)	(182.82)	(22.02)	(6.20)
Deferred Tax Liabilities / (Assets)	**2,313.99**	**2,349.62**	**(35.63)**	**(428.57)**

19.5 Reconciliation of Deferred Tax Liabilities (Net):

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Opening Balance at the beginning of the year	2,349.62	2,778.19
Deferred Tax Expenses/(Income) recognised in the Consolidated Statement of Profit and Loss	(46.17)	(448.78)
Deferred Tax Expenses/(Income) recognised in OCI	10.54	20.21
Closing Balance at the end of the year	**2,313.99**	**2,349.62**

NOTE: 20

CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Name of Shareholders	As at 31.03.2021	As at 31.03.2020
Secured		
Working Capital Rupee Loans from Banks	4,319.82	4,499.58
Unsecured		
13,97,000 (Previous year: Nil) - 0.01% Optionally Convertible Preference Shares of ₹ 100/- each (Refer Note No. 20.3 and 20.4)	1,573.56	-
Loans From Related Parties (Refer note no. 35)	910.42	1,478.12
Inter Corporate Deposits	-	42.01
	2,483.98	**1,520.13**
TOTAL	**6,803.80**	**6,019.71**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 20

CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd..)

20.1 The working capital Loans from banks includes:

(i) ₹ 1508.85 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) ₹ 2810.97 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, 400058. 3) Unit no. 209B, 2nd floor, veena Industrial premises Co-op Soc Ltd, Plot no. B 61, 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 400076, 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.

20.2 The Working Capital Rupee loans referred to above are guaranteed by some of the directors, erstwhile directors and their relative in their personal capacities.

20.3 On 13th August, 2020, the Holding Company issued and allotted 29,99,000, 0.01% Optionally Convertible Preference Shares ('OCPS') having face value of ₹ 100/- each at par, pursuant to the Subscription Cum Share Holders Agreement ("SSHA") dated 5th August, 2020. SSHA agreement amended and the parties entered into Amendment cum Termination Agreement dated 28th January, 2021:

The major terms and conditions of OCPS:

i) The OCPS carry a coupon rate of 0.01% per annum and coupon shall accrue and be payable annually on June 30th post a moratorium period of 2 years from the date of allotment.

ii) The Holding Company, with the written consent of the investor can redeem / purchase the OCPS @ 20% p.a. IRR to the investor.

iii) The Investor has right to convert the OCPS in to fully paid up equity shares of the Holding Company at a pre money valuation arrived by applying PE multiple of 5 to profit after tax (PAT) for the period of 12 months prior to 48 months from the date of disbursement of funds (for 50% of the OCPS) and/or PE multiple of 6 to profit after tax (PAT) for the period of 12 months prior to 60 months from the date of disbursement of funds (for balance 50% of the OCPS) at any time after the end of the respective financial years up to 84 months from the date of disbursal of funds. The conversion option shall be exercised by the Investor any time after 48 months and/or 60 months after the date of disbursal of funds.

iv) If the fully Diluted stake of the investor exceeds 30% of the fully Diluted paid up capital, then in compliance with the applicable provisions of the Companies Act, 2013, the Investor shall convert only such number of OCPS so as to keep the Investors stake less than or equal to 30% of the fully Diluted paid up capital. The Balance unconverted OCPS shall be redeemed by the Holding Company or purchased by the promorters so as to give Investor an IRR of 20% p.a.

v) (A) In case the Holding Company attracts fresh round of funding before redemption of the OCPS held by the Investor ("Funding Round"), the requisite proportion of the proceeds of the Funding Round shall forthwith be utilized by the Company to redeem the OCPS held by the Investor, at a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the purchase of the OCPS.

(B) In case of IPO:

a. At any time Prior to the filing of the updated draft of the red herring prospectus with SEBI in relation to the Offer, on receiving the final observations from SEBI on the DRHP ("Updated DRHP Filing"), the Company shall undertake the Pre-IPO Placement (in part or in full) and use the requisite proportion of the proceeds of such Pre-IPO Placement towards redemption of the outstanding Subscription Preference Shares held by the Investor and the Investor shall, at the request of the Holding Company, forthwith offer the Subscription Preference Shares held by it for redemption, at a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the purchase of the Subscription Preference Shares ("Redemption").

b. Simultaneously with or immediately before/after the Redemption and in any event, prior to the Updated DRHP Filing, the Promoters shall purchase the Subscription Equity Shares or procure a third party purchaser who shall purchase the entire Subscription Equity Shares from the Investor, at such a price which shall provide the Investor an IRR of 20% p.a. on the consideration paid by the Investor for the Subscription Equity Shares ("Transfer").

c. The Holding Company shall not proceed with the filing of red herring prospectus in the IPO unless the Redemption and Transfer, under sub causes (a) and (b), above is completed.

vi) In the event of option to convert the OCPS is not being exercised or the Investor Opts to convert only a portion of the OCPS then the unconverted OCPS shall be bought back in eight (8) equal quarterly installments starting from 60 months after the date of disbursement of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 20

CURRENT FINANCIAL LIABILITIES - BORROWINGS (Contd..)

Details of OCPS holder holding more than 5% of OCPS of the Group.

Name of Shareholders	As At 31.03.2021		As at 31.03.2020	
	No of OCPS held	Percentage held	No of Shares held	Percentage held
Maharashtra Defence and Aerospace Venture Fund through its Investment Manager namely M/s. IDBI Capital Markets & Securities Limited	13,97,000	100%	-	-

Reconciliation of OCPS outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021		As at 31.03.2020	
	No. of OCPS	Amount	No. of OCPS	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Add: Issue of Preference Shares	29,99,000	2,999.00	-	-
Less: Redemption of Preference Shares*	(16,02,000)	(1,602.00)		
Shares outstanding at the end of the year	**13,97,000**	**1,397.00**	**-**	**-**

*Pursuant to the resolution passed by the Board of Directors in its meeting held on 26th March, 2021 and consented by the Preference Shareholders, the Holding Company has redeemed 16,02,000, 0.01 % Optionally Convertible Preference Shares of ₹ 100 each at a premium of ₹ 12.40 per share out of the proceeds of fresh equity shares of the Holding Company.

20.4 As per the terms of Amendment And Conditional Termination Agreement, the Holding Company shall not proceed with the filing of Red Herring Prospectus (RHP) in the IPO unless the redemption of OCPS". The Holding Company has redeemed 16,02,000 OCPS till 31st March, 2021 and subsequent to year end the Holding Company has also redeemed 4,39,000 OCPS, further the Holding Company is in the process of redeeming balance OCPS before filing of RHP; hence the Holding Company has classified the OCPS as Current Borrowings.

NOTE: 21

LEASE LIABILITIES

(₹ in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	6.22	6.09
TOTAL	**6.22**	**6.09**

NOTE: 22

CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Micro, Small and Medium Enterprises	93.89	698.74
Others	1,438.26	2,005.52
TOTAL	**1,532.15**	**2,704.26**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 22
CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES (Contd..)

22.1 Disclosures of the Micro, Small And Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Group and the required disclosures are given below :

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	93.89	698.74
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	2.93	2.04
(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	2.93	2.04
(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	-	-

NOTE: 23
CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Current Maturities of Long Term Debts	1,003.34	637.60
Liabilities directly associated with Assets classified as Held for Sale	244.79	-
Interest Accrued and due	2.93	2.04
Interest Accrued but not due	62.86	77.38
Creditors for Capital Goods	37.42	35.09
Other Payables*	167.89	133.04
TOTAL	**1,519.23**	**885.15**

*Other Payables mainly includes outstanding liability for expenses and payable to employees.

NOTE: 24
OTHER CURRENT LIABILITIES

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Advances from Customers	9.04	87.17
Statutory Liabilities	28.71	516.34
Others*	23.00	1.00
TOTAL	**60.75**	**604.51**

*Received against Assets classified as Held for Sale

NOTE: 25
CURRENT PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Provision for Gratuity	14.80	15.34
TOTAL	**14.80**	**15.34**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 26

REVENUE FROM OPERATIONS

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Sale of Products	14,186.43	14,195.67
Sale of Services / Job Work Income	146.56	508.61
TOTAL	**14,332.99**	**14,704.28**

26.1 Revenue Disaggregation by type of Products and Services as follows :

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Heavy Engineering	3,777.51	6,412.94
Defence Electronics	4,062.03	3,181.12
Defence & Space Optics	6,493.45	5,110.22
TOTAL	**14,332.99**	**14,704.28**

26.2 Revenue disaggregation by geography is as follows:

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
India	11,915.47	12,865.93
Outside India	2,417.52	1,838.35
TOTAL	**14,332.99**	**14,704.28**

26.3 Reconciliation of Revenue from Operations with Contract Price:

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Contract Price	14,259.25	14,709.47
Exchange rate variance linked consideration (Net)	79.33	-
Reduction towards variable consideration components *	5.59	5.19
TOTAL	**14,332.99**	**14,704.28**

*The reduction towards variable consideration comprises of volume discounts.

NOTE: 27

OTHER INCOME

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest Income from Financial assets measured at amortised cost		
On Fixed Deposits with Banks	22.19	20.44
On Others	2.15	3.17
Dividend Income from Financial assets measured at fair value through profit or loss		
Non-Current Investments	-	0.50
Lease Rent	-	9.00
Export Incentives	47.36	52.85
Account Written Back (Net)	-	93.33
Provision for Doubtful Advance written back	50.00	-
Profit on Sale of Property, Plant and Equipment (Net)	3.88	-
Gain on Foreign Currency Fluctuations (Net)	-	0.32
Miscellaneous Income	1.97	21.17
TOTAL	**127.55**	**200.78**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 28

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Closing Inventories		
Finished Goods	396.82	629.82
Work-in-Progress	4,072.33	3,060.23
Stock in Trade	34.37	9.07
	4,503.52	3,699.12
Opening Inventories		
Finished Goods	629.82	1,065.28
Work-in-Progress	3,060.23	2,475.74
Stock in Trade	9.07	-
	3,699.12	3,541.02
(Increase) / Decrease in Inventories	**(804.40)**	**(158.10)**

NOTE: 29

EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Salaries, Wages & Allowances	1,061.19	983.51
Contribution to Provident and Other Funds	37.91	49.71
Welfare and Other Amenities	74.67	63.18
TOTAL	**1,173.77**	**1,096.40**

29.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :

(₹ in Lakhs)

	PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(a)	**Contribution to Defined Contribution Plan, recognised as expense for the year are as under**		
	Employer's Contribution to Provident Fund and ESIC	5.88	6.77

(b) Defined Benefit Plan - Unfunded

The employees Gratuity Fund Scheme of the Company is a defined benefit plan. 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	As at 31.03.2021	As at 31.03.2020
Actuarial Assumptions		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	FY 2020-21: 0% and thereafter 9%
Discount rate	6.97%	6.71%
Withdrawal Rate	7.00%	7.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 29
EMPLOYEE BENEFIT EXPENSES (Contd..)

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Movement in present value of Defined Benefit Obligation		
Defined Benefit Obligations at the beginning of the year	144.96	183.88
Current Service Cost	21.97	28.07
Interest Cost	9.95	14.77
Actuarial Loss / (Gain)	(41.87)	(80.30)
Benefits Paid	(0.88)	(1.46)
Defined Benefit Obligations at the end of the year	**134.13**	**144.96**
Expense recognised in the Statement of Profit and Loss		
Current Service Cost	21.97	28.07
Interest on Defined Benefit Obligations	9.95	14.77
Total included in "Remuneration and Benefits to Employees"	**31.92**	**42.84**
Remeasurements (recognised in Other Comprehensive Income)		
Effect of changes in financial assumptions	(2.92)	21.27
Effect of changes in demographic assumptions	-	5.79
Effect of experience adjustments	(38.95)	(107.36)
Amount recognised in OCI, End of Year	**(41.87)**	**(80.30)**

(c) Net Defined Benefit Obligations / (Assets) reconciliation

Present Value of Obligations at the end of the year	134.13	144.96
Less : Fair Value of Plan Assets at the end of the year	-	-
Net Obligations / (Assets) recognised at the end of the year	**134.13**	**144.96**

(d) The estimate 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.

29.2 Sensitivity Analysis

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
	Effect on Gratuity Increase / (Decrease)	Effect on Gratuity Increase / (Decrease)
Discount Rate + 100 basis points	(10.29)	(11.12)
Discount Rate - 100 basis points	11.90	12.87
Salary Escalation Rate + 100 basis points	7.42	8.02
Salary Escalation Rate - 100 basis points	(6.43)	(6.95)
Withdrawal Rate+100 basis points	0.57	0.62
Withdrawal Rate-100 basis points	(0.74)	(0.80)

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.

29.3 Expected payments towards contributions to Gratuity in future years :

(₹ in Lakhs)

Year Ended	Expected Payment
31st March, 2022	15.30
31st March, 2023	8.52
31st March, 2024	7.84
31st March, 2025	9.45
31st March, 2026	13.81
31st March, 2027 to 2031	56.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 29

EMPLOYEE BENEFIT EXPENSES (Contd..)

29.4 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

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

If the actual mortality rate in the future turns out to be more or less than expected then it may result in increase in the liability.

NOTE: 30

FINANCE COSTS

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest Expenses on Financial Liabilities measured at amortised cost	1,175.10	865.24
Interest Expenses on Lease Liabilities	1.58	1.28
Other Borrowing Costs (Refer Note No. 30.1)	64.25	110.75
TOTAL	**1,240.93**	**977.27**

30.1 Above includes, Interest of ₹ 50.03 Lakhs (Previous Year ₹ 63.81 Lakhs) on late payment of Advance Tax.

NOTE: 31

DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	910.46	916.08
Amortisation of Intangible Assets (Refer Note No. 3)	54.90	55.11
TOTAL	**965.36**	**971.19**

NOTE: 32

OTHER EXPENSES

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
MANUFACTURING EXPENSES		
Consumables, Stores and Spares Consumed	364.14	123.14
Power and Fuel	247.98	244.46
Labour Charges	388.70	383.49
Repairs and Maintenance - Others	85.30	14.43
Job Processing charges	131.75	152.25
Other Manufacturing Expenses	49.98	53.29
	1,267.85	**971.05**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 32

OTHER EXPENSES (Contd..)

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Business Promotion	30.76	151.39
Packing & Forwarding Expenses	15.94	19.31
Others	27.05	25.84
	73.75	**196.54**
ADMINISTRATIVE EXPENSES		
Insurance	36.89	26.88
Rent	33.32	33.78
Rates and Taxes	21.48	55.49
Printing and Stationery	11.61	14.15
Communication Expenses	6.45	8.45
Travelling and Conveyance	83.19	244.96
Legal and Professional Charges	105.37	125.68
Payment to Auditors (Refer Note no. 32.1)	61.75	30.22
Security Expenses	24.53	32.38
Office Expenses	36.38	28.32
Director Sitting fees	21.00	38.00
Miscellaneous Expenses	150.95	117.01
	592.92	**755.32**
OTHER EXPENSES		
Bank Charges	67.34	44.35
Bad Debts / Advances written off (Net)	13.08	-
Loss due to Fraud (Refer Note 32.2)	-	20.36
Provision for Doubtful Advance	-	50.00
Provision for Expected Credit Loss	115.30	134.89
Donation	1.23	1.86
Corporate Social Responsibility Expenditure (Refer Note No. 36)	53.50	40.50
Loss on discard/ Sale of Property, Plant and Equipment (Net)	-	7.94
Impairment loss on Assets held for sale	7.16	-
Loss on Foreign Currency Fluctuations (Net)	21.18	41.02
Initial Public Offering Related Expenses	-	45.00
Late Delivery charges	75.13	89.63
	353.92	**475.55**
TOTAL	**2,288.44**	**2,398.46**

32.1 Break-up of Payment to Auditors :

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Audit Fees	35.75	24.22
Tax Audit Fees	6.00	6.00
Other*	20.00	-
TOTAL	**61.75**	**30.22**

*Fees for Restated Consolidated Financial Information.

32.2 During the previous year, the Holding Company has lost ₹ 20.36 lakhs due to a cyber fraud. The Holding Company had placed an order for the supply of materials through an email, however the email was hacked and advance money transferred to an account which was not of the vendor to whom the order was placed. The Holding Company has lodged a FIR with Turbhe MIDC Police Station for the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 33
EARNINGS PER SHARE

(₹ in Lakhs)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Basic Earnings Per Share		
Profit for the year	1,578.61	1,965.74
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670
Basic Earnings Per Share of ₹10/- each	5.55	6.92
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	1,578.61	1,965.74
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670
Add : Potential number of Equity Shares	-	-
No. of shares used for calculation of Diluted EPS	2,84,36,662	2,84,12,670
Diluted Earnings Per Share of ₹10/- each	5.55	6.92

33.1 The Equity Shares, if any, to be issued upon the exercise of option by the OCPS holders (Refer Note No. 20.3) can not be determined as on the date of these consolidated financial statements and hence not considered for the purpose of computing Diluted Earnings Per Share.

NOTE: 34 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

	PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
A	**Contingent Liabilities (to the extend not provided for)**		
I	**INCOME TAX***	88.74	14.06
	CUSTOMS ACT	12.00	-
	TOTAL (I)	**100.74**	**14.06**
II	**GUARANTEES**		
	Guarantees given by the Group's Bankers	2,122.21	1,678.69
	(Bank guarantees are provided under contractual / legal obligation)		
	TOTAL (II)	**2,122.21**	**1,678.69**
III	**LETTER OF CREDIT OUTSTANDING**		
	Letters of Credit opened in favour of Suppliers	547.99	163.14
	TOTAL (III)	**547.99**	**163.14**
	TOTAL (A)	**2,770.94**	**1,855.89**
B	**Capital Commitments :**		
	Estimated amount of contracts to be executed on capital account not provided for	62.34	51.87
	Commitment towards EPCG License	349.69	435.57
	TOTAL (B)	**412.03**	**487.44**
	TOTAL (A+B)	**3,182.97**	**2,343.33**

*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 fianancial position of the Group.

NOTE: 35 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 exits and with whom transactions have taken place during reported year, are as detailed below:

List of Related Parties :

(As certified by the Management)

I Key Managerial Personnel

i Mr. Sharad Shah

ii Mr. Munjal Sharad Shah

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 35 RELATED PARTY DISCLOSURES : (Contd..)

iii Mrs. Shilpa Amit Mahajan

iv Mr. Harsh Bhansali (w.e.f 24.03.2020)

v Mr. Ajit Sharma (w.e.f. 05.04.2019)

II Key Managerial Personnel Relatives

i Mrs. Ami Munjal Shah

ii Mrs. Niranjana Shah

iii Mrs. Kajal Bhansali

iv Mr. Anish Mehta

v Mr. Amit Mahajan

vi Mr. Harsh Bhansali (upto 23.03.2020)

A. Transactions with Related Parties :

(₹ in Lakhs)

Nature of Transactions	Name of the Related Parties	2020-21	2019-20
Transactions with other Related Parties:			
Director Sitting Fees	Mr. Sharad Shah	5.00	13.00
Managerial Remuneration	Mr. Munjal Sharad Shah	60.27	62.74
	Mrs. Shilpa Amit Mahajan	13.72	13.02
	Mr. Harsh Bhansali	18.03	0.26
	Mr. Ajit Sharma	10.58	9.54
Salary to relatives	Mr. Harsh Bhansali	-	12.71
	Mrs. Kajal Bhansali	15.43	13.38
	Mrs. Ami Munjal Shah	34.85	31.91
	Mr. Amit Mahajan	14.15	12.24
	Mr. Anish Mehta	9.78	4.36
Advance to Employee Given	Mr. Harsh Bhansali	-	6.51
	Mrs. Ami Munjal Shah	-	4.00
	Mr. Anish Mehta	-	2.76
Advance to Employee Recovered	Mr. Harsh Bhansali	-	6.51
	Mrs. Ami Munjal Shah	-	4.00
	Mr. Anish Mehta	2.76	-
Rent Expense	Mr. Munjal Sharad Shah	4.80	0.40
Loans Taken	Mr. Munjal Sharad Shah	435.79	2,471.93
	Mr. Sharad Shah	7.00	92.48
Loans Repaid	Mr. Munjal Sharad Shah	985.52	1,017.05
	Mr. Sharad Shah	24.97	119.41

(₹ in Lakhs)

	Nature of Transactions	As at 31st March, 2021	As at 31st March, 2020
B.	Balance with other Related Parties:		
	Advance to Employee Given		
	Mr. Anish Mehta	-	2.76
	Current-Borrowings - Loan		
	Mr. Munjal S. Shah	910.42	1,460.15
	Mr. Sharad Virji Shah	-	17.97
	Other Payable (Rent Payable)		
	Mr. Munjal S. Shah	0.37	0.40
	Other Payables (Salary & Director Sitting Fees Payable)		
	Mr. Munjal S. Shah	4.63	6.18
	Mrs. Ami Munjal Shah	0.97	1.49
	Mrs.Shilpa Mahajan	0.89	0.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 35 RELATED PARTY DISCLOSURES : (Contd..)

(₹ in Lakhs)

Nature of Transactions	As at 31st March, 2021	As at 31st March, 2020
Mr. Harsh Bhansali	0.21	0.97
Mrs. Kajal Bhansali	2.37	2.29
Mr. Amit Mahajan	1.08	0.89
Mr. Anish Mehta	1.42	0.28
Mr. Ajit Sharma	0.80	0.85
Mr. Sharad Virji Shah	-	0.31

(₹ in Lakhs)

C.

Compensation to Key Management Personnel of the Group	2020-21	2019-20
Nature of transaction		
Short-term employee benefits	102.60	85.56
Post-employment benefits	(13.22)	8.13
Total compensation to Key Management Personnel	**89.38**	**93.69**

NOTE: 36 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 Group during the year is ₹ 53.32 lakhs (Previous year : ₹ 40.05 Lakhs)

b. Expenditure incurred related to Corporate Social Responsibility is ₹ 53.50 Lakhs (Previous year : ₹ 40.50 Lakhs)

Details of Expenditure incurred towards CSR given below:

(₹ in Lakhs)

PARTICULARS	For the year ended 31.03.2021	For the Year ended 31.03.2020
Environmental Sustainability and Animal Welfare	-	3.00
Health Care, Sanitation and providing Drinking Water(Refer Note no 36.1)	53.50	37.00
Rural Development	-	0.50
TOTAL	**53.50**	**40.50**

36.1 At the year end the Group has contributed ₹ 53.50 lakhs to a charitable trust which has provided an utilisation certificate stating that the funds so contributed will be utilised towards its objects within 6 months from the year ended 31st March, 2021.

NOTE: 37 FAIR VALUES

37.1 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:-

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Financial Assets designated at Fair Value through profit and loss:-		
- Investments	112.58	5.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 37 FAIR VALUES (Contd..)

b) Financial Assets / Liabilities designated at Amortised Cost:-

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021		As at 31.03.2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets :				
Financial Assets designated at Amortised Cost:-				
- Trade Receivable	9,485.46	9,485.46	9,759.99	9,759.99
- Cash and cash equivalents	468.26	468.26	125.36	125.36
- Bank Balance other than Cash and Cash Equivalents	363.35	363.35	312.60	312.60
- Loans	4.92	4.92	3.33	3.33
- Others	167.40	167.40	91.69	91.69
TOTAL	**10,489.39**	**10,489.39**	**10,292.97**	**10,292.97**
Financial Liabilities :				
Financial Liabilities designated at Amortised Cost:-				
- Borrowings	9,356.74	9,356.74	9,694.75	9,694.75
- Lease Liabilities	12.15	12.15	16.21	16.21
- Trade Payable	1,532.15	1,532.15	2,704.26	2,704.26
- Other Financial Liabilities	1,519.23	1,519.23	885.15	885.15
TOTAL	**12,420.27**	**12,420.27**	**13,300.37**	**13,300.37**

37.2 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:

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 and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.

iii) 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.

37.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 37 FAIR VALUES (Contd..)

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:

(₹ in Lakhs)

PARTICULARS	31.03.2021		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	#5.00
Investment in Equity Shares & 0% Optionally Convertible Security	-	-	107.58

(₹ in Lakhs)

PARTICULARS	31.03.2020		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	#5.00

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at 31st March, 2021

(₹ in Lakhs)

Particulars	As at 31st March, 2021	Valuation Technique	Input used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares & 0% Optionally Convertible Security	107.58	Based on professional valuer's certificate	Revenue Multiple Method

#since the investments under level 3 of the fair value hierarchy as at 31st March, 2021 and 31st March, 2020 category are not material, therefore the disclosure for the same is not given.

NOTE: 38 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Group is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the Group under policies approved by the Board of Directors of the respective Company in the Group. 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.

38.1Market 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 31st March, 2021 and 31st March, 2020

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 investments. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 38 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

The following table demonstrates the sensitivity in the USD, GBP, SGD, AED 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:

(₹ in Lakhs)

Unhedged Foreign currency exposure as at 31st March, 2021	Currency	Amount in FC	₹. in lakhs
Investment	USD	1,47,497	107.58
Trade Receivable	USD	10,62,620	781.08
Trade Receivable	EURO	2,42,283	208.60
Trade Receivable	AED	88,200	17.59
Trade Payable	USD	10,09,557	742.07
Trade Payable	EURO	61,841	53.24
Trade Payable	GBP	9,081	9.17

(₹ in Lakhs)

Unhedged Foreign currency exposure as at 31st March, 2020	Currency	Amount in FC	₹. in lakhs
Trade Receivable	USD	25,16,293	1,903.95
Trade Receivable	EURO	1,01,552	84.05
Trade Payable	USD	15,88,651	1,202.05
Trade Payable	EURO	24,419	20.21
Trade Payable	SGD	800	0.42
Trade Payable	GBP	4,318	4.04

(a) Foreign Currency Sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on Profit Before Tax (PBT):-

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)
USD	2.93	(2.93)	14.04	(14.04)
EURO	3.11	(3.11)	1.28	(1.28)
GBP	(0.18)	0.18	(0.08)	0.08
SGD	-	-	(0.01)	0.01
AED	0.35	(0.35)	-	-
Increase / (Decrease) in Profit Before Tax	**6.21**	**(6.21)**	**15.23**	**(15.23)**

(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, Optionally convertible Preference Shares and inter corporate deposits. There is a fixed rate of interest in case of vehicle loan, optionally convertible preference shares 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:

(₹ in Lakhs)

PARTICULARS	31st March, 2021	31st March, 2020
Term Loan From Banks and Financial Institutions	3,421.66	3,990.83
Working Capital Facility	4,319.82	4,499.58
Closing Balances	**7,741.48**	**8,490.41**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 38 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

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.

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)
Term Loan From Banks and Financial Institutions	(68.43)	68.43	(79.82)	79.82
Working Capital Facility	(86.40)	86.40	(89.99)	89.99
Increase / (Decrease) in Profit Before Tax	**(154.83)**	**154.83**	**(169.81)**	**169.81**

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38.2 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.

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.

(₹ in Lakhs)

Particulars	31st March, 2021		31st March, 2020	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	10,100.16	614.70	10,259.39	499.40

The ageing analysis of the Trade receivables has been considered from the date of invoice:

(₹ in Lakhs)

PARTICULARS	As on March 31, 2021	As on March 31, 2020
Upto 30 Days	6,854.20	5,600.34
30- 180 Days	1,242.78	1,813.06
Above 180 Days	2,003.18	2,845.99
Total	**10,100.16**	**10,259.39**

The following table summarizes the changes in the Provisions made for the receivables:

(₹ in Lakhs)

PARTICULARS	31st March, 2021	31st March, 2020
Opening Balances	499.40	364.51
Provided during the year	115.30	134.89
Closing Balances	**614.70**	**499.40**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 38 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

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.

38.3 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 suppliers credit and working capital 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 :

(₹ in Lakhs)

PARTICULARS	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
As at 31st March, 2021					
Non Current Borrowings	-	1,248.13	2,045.40	512.68	3,806.21
Lease Liabilities	-	6.22	5.93	-	12.15
Short Term Borrowings	5,230.24	1,573.56	-	-	6,803.80
Trade Payable	-	1,532.15	-	-	1,532.15
Other Financial Liabilities	-	271.10	-	-	271.10
Total	**5,230.24**	**4,631.16**	**2,051.33**	**512.68**	**12,425.41**
As at 31st March, 2020					
Non Current Borrowings	-	637.60	2,913.57	768.62	4,319.79
Lease Liabilities	-	6.09	10.12	-	16.21
Short Term Borrowings	6,019.71	-	-	-	6,019.71
Trade Payable	-	2,704.26	-	-	2,704.26
Other Financial Liabilities	-	247.56	-	-	247.56
Total	**6,019.71**	**3,595.51**	**2,923.69**	**768.62**	**13,307.53**

38.4 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.

NOTE: 39 CAPITAL RISK MANAGEMENT

For the purpose of Group's capital management, capital includes issued capital, all other equity reserves and debts. 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, other bank balances, non current bank deposits. Equity comprises all components including other comprehensive income.

The Group monitors capital using gearing ratio , which is net debt divided by total capital (equity plus net debt).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 39 CAPITAL RISK MANAGEMENT (Contd..)

(₹ in Lakhs)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
Total Debt	10,610.00	10,339.50
Less: Cash and cash equivalent	468.26	125.36
Less: Other Bank Balances	363.35	312.60
Less: Non current Bank Deposits	119.03	28.13
Net Debt	**9,659.36**	**9,873.41**
Equity	20,663.49	17,262.29
Total Capital (Equity + Net Debt)	**30,322.85**	**27,135.71**
Gearing ratio	**31.86%**	**36.39%**

NOTE:40 The outbreak of COVID-19 virus continues to spread across the globe including India and to control, the Government authorities had been forced to commence nationwide lockdown. The operations of the Group remained completely shut down in the month of April 2020 and thereafter operations have been started slowly as per the instruction of the State Government / Local authorities. Due to COVID-19, in the first half of the year the Group's operations and revenue were impacted significantly, however during the second half of the year, the operations of the Group have improved and the Group was able to maintain the profitability. The current '"second wave" that has significantly increased the number of infected cases in India, has resulted in slowing down the operation due to regional / local restrictions in areas with a significant number of COVID-19 cases. The Group has been taking various precautionary measures to protect its employees, customers and society at large, like control movement, maintaining social distancing, taking appropriate and stringent hygiene measures and following the directions of Government regulatory authorities. The Group believes that the Pandemic is not likely to impact the carrying value of its assets. The Group continues to closely monitor the development and possible effects that may result from the current pandemic, on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of date of approval of these Consolidated financial statements.

NOTE:41 ASSETS HELD FOR SALE

(₹ in Lakhs)

Description of the assets held for sale	As at 31st March, 2021	As at 31st March, 2020
Flat - Guest House (Refer Note No. 41.1)	250.65	250.66
Furniture & Fixtures (Refer Note No. 41.1)	4.49	-
Office Equipments (Refer Note No. 41.1)	5.85	-
Flat - Guest House (Refer Note No. 41.2)	151.00	-
Total	**411.99**	**250.66**

41.1 On 19th December, 2019, the Board of Directors of the Holding Company decided to sell the Guest House at Mulund and accordingly the same were classified as assets held for sale. The Holding Company has received an advance of ₹ 21.00 Lakhs towards these assets and subsequent to year end the Holding Company has transferred the said assets. As at 31st March, 2021 the same is continued to disclose as assets held for sale.

41.2 On 9th October, 2020, the Board of Directors of the Holding Company has decided to sell the Guest House at Santacruz and accordingly, this asset is classified as assets held for sale. The Holding Company has received an advance of ₹ 2.00 lakh and is expecting to dispose of it within a period of next one year. The Guest House was measured at the lower of its carrying value and fair value less costs to sell at the time of reclassification, resulting in the recognition of a write down of₹ 7.16 Lakhs as impairment loss in the statement of profit and loss. The Fair value is determined using the ready reckoner rate as on date and it is categorised in Level 3 fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 42 GROUP INFORMATION

Name	Principal Place of Business	% Equity interest	
		As at 31st March, 2021	As at 31st March, 2020
A Indian subsidiaries			
Paras Aerospace Private Limited (Formerly known as Paras Aerospace Solutions Private Limited)	India	60%	100%
Paras Green Optics Private Limited	India	100%	100%
Paras Anti-Drone Technologies Private Limited (Formerly know as Paras Strategic Technologies Private Limited)	India	55%	100%
B Overseas Subsidiary			
OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	Singapore	100%	100%

NOTE: 43 SEGMENT REPORTING

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

The chief operating decision maker (CODM) has identified following reportable segments of its business.

a. Heavy Engineering

b. Defence & Space Optics

c. Defence Electronics

I Segment wise Revenue

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Segment Revenue		
a. Heavy Engineering	3,777.51	6,412.94
b. Defence & Space Optics	6,493.45	5,110.22
c. Defence Electronics	4,062.03	3,181.12
Revenue From Operations	**14,332.99**	**14,704.28**
Segment Results		
a. Heavy Engineering	565.44	1,149.96
b. Defence & Space Optics	3,910.27	3,403.89
c. Defence Electronics	460.33	320.48
Total	**4,936.04**	**4,874.33**
i) Finance Costs	(1,240.93)	(977.27)
ii) Other unallocable expenditure	(1,561.65)	(1,918.62)
iii) Unallocable Income	127.55	200.78
Profit before exceptional items and Tax	**2,261.01**	**2,179.22**
Exceptional items	-	-
Profit Before Tax	**2,261.01**	**2,179.22**

II Segment wise Assets and Liabilities:

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Segment Assets		
a. Heavy Engineering	11,810.57	14,249.12
b. Defence & Space Optics	16,630.94	11,429.47
c. Defence Electronics	3,757.91	4,830.38
d. Unallocable	4,076.18	3,729.65
Total	**36,275.60**	**34,238.62**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 43 SEGMENT REPORTING (Contd..)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Segment Liabilities		
a. Heavy Engineering	248.81	759.12
b. Defence & Space Optics	717.65	1,039.36
c. Defence Electronics	565.32	968.39
d. Unallocable	14,073.43	14,209.46
Total	**15,605.21**	**16,976.33**

III **Other Informations**

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Capital Expenditure	532.49	440.36
Depreciation	965.36	971.19
Non-cash Expenses other than Depreciation	128.38	184.89

B. Segment Identification, Reportable Segments and definition of each segment :

a. Reportable Segments:

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and in assessing performance. These have been identified and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Group.

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. Since all the operations of the Group are predominantly conducted within India, there are no separate geographical reportable segments.

iii. No Non-Current Assets of the Group is located outside India as on 31st March, 2021 and 31st March 2020

IV Segment Composition:

a. Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes, Radar Array cooling assemblies for Naval Applications 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, Reflex Sights and Precision Diamond Turned components.

c. Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles and EMP Solutions.

V Information about major customers:

a. Revenue from operations include ₹ 6716.69 Lakhs (31st March, 2020 : 9427.42 Lakhs) from three customers (31st March, 2020: four customers) having more than 10% of the total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 44 DISCLOSURES MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION - 31ST MARCH, 2021 AND 31ST MARCH, 2020

Name of the entity	As at 31st March, 2021		For the Year ended 31st March, 2021					
	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 (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)
Parent								
Paras Defence and Space Technologies Ltd.	99.87%	20,637.07	95.90%	1,508.12	101.26%	31.33	96.01%	1,539.45
Indian subsidiaries								
Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)	-0.07%	(13.72)	0.27%	4.23	0.00%	-	0.26%	4.23
Paras Green Optics Private Limited	0.01%	1.79	0.74%	11.57	0.00%	-	0.72%	11.57
Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited)	-0.01%	(1.20)	0.62%	9.69	0.00%	-	0.60%	9.69
Overseas subsidiary								
OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	0.27%	55.63	3.31%	51.98	0.00%	-	3.24%	51.98
Non Controlling Interest	-0.03%	(6.90)	-0.38%	(6.05)	0.00%	-	-0.38%	(6.05)
Adjustments arising out of Consolidation	-0.04%	(9.18)	-0.44%	(6.98)	-1.26%	(0.39)	-0.46%	(7.37)
	100.00%	**20,663.49**	**100.00%**	**1,572.56**	**100.00%**	**30.94**	**100.00%**	**1,603.50**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE : 44 DISCLOSURES MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION - 31ST MARCH, 2021 AND 31ST MARCH, 2020

Name of the entity	As at 31st March, 2020		For the Year ended 31st March, 2020					
	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 (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)	As % of net consolidated profit or loss	Amount (₹ In Lakhs)
Parent								
Paras Defence and Space Technologies Ltd.	100.22%	17,299.92	101.57%	1,996.69	-100.32%	60.09	101.5%	2,056.78
Indian subsidiaries								
Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)	-0.10%	(17.95)	-0.95%	(18.74)	0%	0	-0.9%	(18.74)
Paras Green Optics Private Limited	-0.06%	(9.78)	-0.52%	(10.16)	0%	0	-0.5%	(10.16)
Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited)	-0.06%	(10.89)	-0.60%	(11.89)	0%	0	-0.6%	(11.89)
Overseas subsidiary								
OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	0.02%	3.78	0.45%	8.89	-	-	0.44%	8.89
Adjustments arising out of Consolidation	-0.02%	(2.79)	0.05%	0.95	0%	-0.19	0.0%	0.76
	100.00%	**17,262.29**	**100.00%**	**1,965.74**	**-100.00%**	**59.90**	**100.00%**	**2,025.64**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE: 45 PROVISION

Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":-

Movement in provisions:-

(₹ in Lakhs)

Nature of provision	Provision for Expected Credit loss on Trade Receivables	Provision for Doubtful Advance	Total
As at 1st April, 2019	**364.51**	**-**	**364.51**
Provision during the Year	134.89	50.00	184.89
As at 31st March, 2020	**499.40**	**50.00**	**549.40**
Provision during the Year	115.30	-	115.30
Provision Reversed during the Year	-	(50.00)	(50.00)
As at 31st March, 2021	**614.70**	**-**	**614.70**

NOTE:46 The Management and authorities have the power to amend the Financial Statements in accordance with section 130 and 131 of the Companies Act, 2013.

NOTE:47 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)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

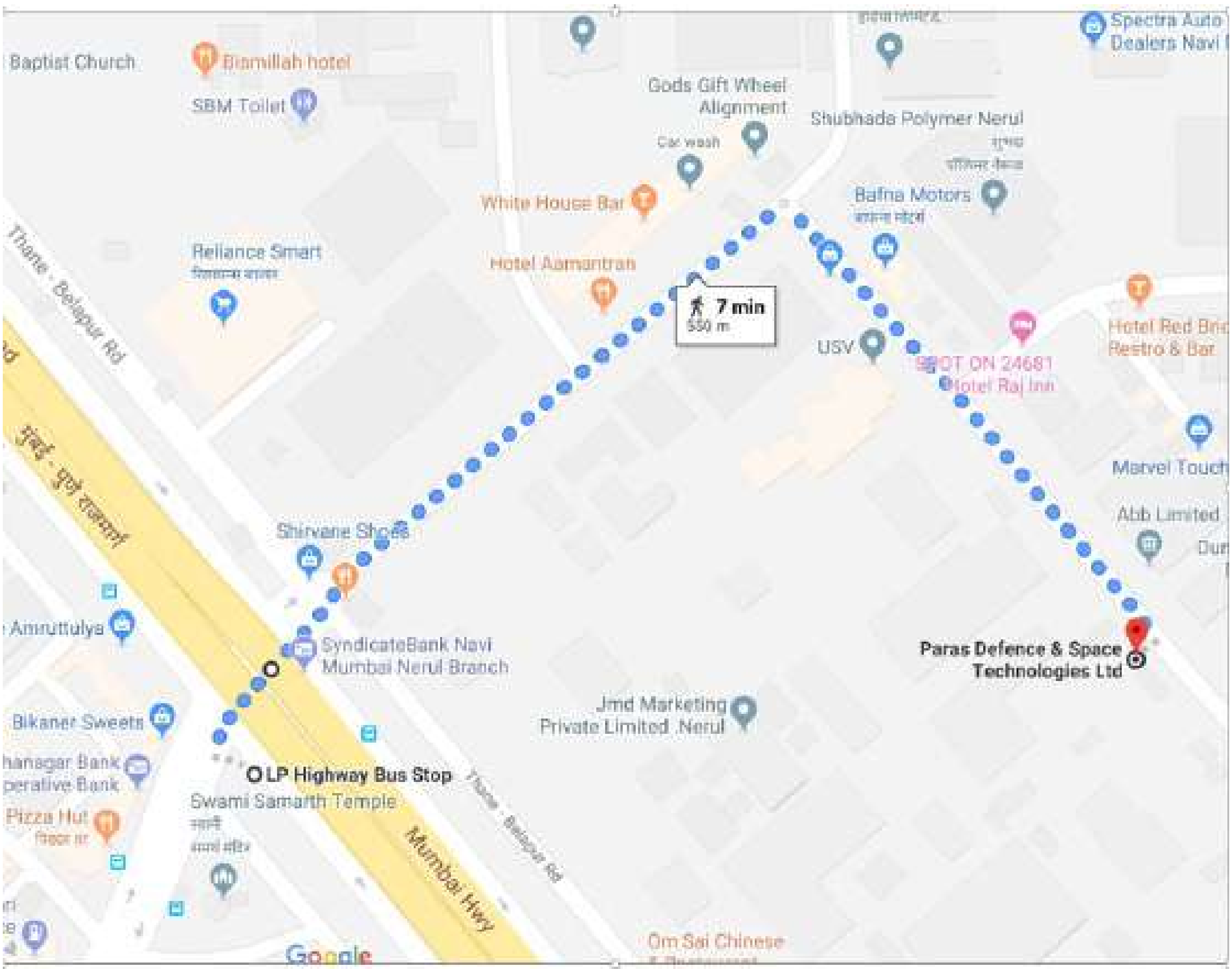
SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

ROUTE MAP FOR AGM VENUE:

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



FORM MGT - 11

PROXY FORM

[Pursuant to section 105(6) of the companies Act, 2013 and rule 19(3) of the companies (Management and Administration) Rules, 2014]

CIN: U29253MH2009PLC193352
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
D-112, TTC Industrial Area, MIDC, Nerul,
Navi Mumbai, Mumbai City-400706, Maharashtra, India

Name of the member (s):
Registered Address:
E-mail Id:
Folio No/ client Id:
DP ID:

I/We, being the member (s) of _____________shares of the above named Company, hereby Appoint

1. Name:________________
   Address:________________
   Email-Id:________________
   Signature:...................., or falling him

2. Name:________________
   Address:________________
   Email-Id:________________
   Signature:...................., or falling him

3. Name:________________
   Address:________________
   Email-Id:________________
   Signature:...................., or falling him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company held on Saturday, 18th day of September, 2021 at 01:00 P.M. at the registered office of the Company situated at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai, Mumbai City-400706, Maharashtra, India and at any adjournment thereof in respect of such resolutions are indicated below:

Resolution No.:

1...........................
2...........................
3...........................
4...........................
5...........................
6...........................

Affix
Revenue
stamp

Signed this........day of............2021

______________________ ________________________

Signature of Shareholder **Signature of proxy holder(s)**

Registered Office

D-112, TTC Industrial Area MIDC, Nerul,
Navi Mumbai - 400706, Maharashtra, India.

Email: business@parasdefence.com

Telephone: +91-9820964964 / +91-9820965965