



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Registered & Corporate Office :

D-112, TTC Indl. Area, Nerul, Navi Mumbai - 400 706, India | Tel : +91-22-6919 9999 | Fax : +91-22-6919 9990
CIN : L29253MH2009PLC193352 | E-mail : business@parasdefence.com | Web : www.parasdefence.com

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Transcript of 15th Annual General Meeting held through Video Conferencing (“VC”) & Other Audio-Visual Means on Friday, September 20, 2024 at 12:30 P.M. (IST)

Moderator (Linkintime):

Good afternoon, ladies and gentlemen, a very warm welcome to all the dear shareholders and respected pendant members on 15th annual general meeting of Paras Defence and Space Technologies Limited. Now I hand you to proceedings to the company secretary. Over to you ma'am. Thank you.

Jajvalya Raghavan - Company Secretary and Compliance Officer

Dear Shareholders, Good Afternoon everyone!

I, Jajvalya Raghavan, Company Secretary & Compliance Officer of Paras Defence and Space Technologies Limited, welcome all the Members of the Board, Auditors, Scrutinizer and Shareholders who have joined us today for this 15th Annual General Meeting of the Company.

The Ministry of Corporate Affairs has allowed Companies to conduct the Annual General Meeting through Video Conferencing and Other Audio-Visual Means without physical presence of the members at a common venue. In line with the requirement of MCA circular, the Company has allowed facility for a two-way teleconference for ease of participation of Members.

All feasible efforts have been made by the Company to enable members to participate in the meeting and to vote on the items being considered at this AGM.

I thank you all for joining us today. Your presence here is a testimony to your interest and support to the Company.

The proceedings of this meeting are being conducted live and are also being recorded for compliance purpose and will be uploaded on the website of the Company.

I would like to take you all through certain points regarding the participation and voting at this AGM.

Members who have joined the meeting through Video Conferencing and have not already cast their vote by means of remote e-voting, may vote through e-voting facility provided on the AGM portal by Link Intime India Private Limited.

Members who have cast their vote through remote e-voting prior to the AGM shall not be entitled to cast their vote during the AGM.

During the course of the AGM, shareholders facing technical difficulties may kindly contact the helpline number of Linkintime provided in the notice of this AGM.

All members who have joined this meeting are, by default, placed on mute mode to avoid any disturbance from background noise and to ensure smooth and seamless conduct of the meeting.



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During the Question-Answer session, we shall announce the name of the Shareholders who have requested to speak at the meeting. Each speaker shareholder, if present, will be unmuted by the host from Link Intime.

Speakers are requested to switch on their video while speaking. If a speaker is unable to join due to connectivity issues, we will proceed with the next speaker and the earlier speaker may join later, if time permits.

We request the speaker shareholders to kindly complete their queries within shortest possible time so that other speakers will get a chance to ask their queries.

If any shareholder has additional queries regarding any business transaction and we are unable to address them today due to time constraints, we will be happy to respond at a later date via e-mail or any other permissible means as requested by the shareholder.

I would also like to inform you that -

The Statutory Registers required under the Companies Act, 2013 are available for inspection by the shareholders during this AGM.

Since the meeting is being conducted through video conferencing, please note that the requirement of appointing proxy is not applicable for this AGM.

In accordance with Regulation 44 of the SEBI LODR Regulations, 2015 and Section 108 of the Companies Act, 2013, along with rules made thereunder, we have provided a voting facility for members to cast their votes through remote e-voting using platform provided by Link Intime India Private Limited. The detailed procedure for electronic voting was included in the notice of the AGM.

For those who have not yet voted via remote e-voting, you will have the opportunity to cast your votes during the meeting through a link that will appear on the dashboard. Additionally, the e-voting facility will remain open for 15 minutes after the conclusion of AGM.

Now I would like to inform that our Chairman, Mr. Sharad Virji Shah has not been able to join us today for the AGM. Also, our Independent Director – Dr. Hina Gokhale has expressed her inability to attend the meeting due to certain unavoidable circumstances.

Now, I would like to take the privilege to introduce the Board of Directors & other dignitaries present at this AGM.

Our Managing Director, Mr. Munjal Shah.

Our Whole Time Director, Mrs. Shilpa Mahajan

Mr. Manmohan Handa – Independent Director, Chairman of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee

Mr. Suresh Katyal – Independent Director

Mr. Harsh Bhansali – Chief Financial Officer

Mr. Amit Mahajan – Director - Technical & R&D

Mr. Anish Mehta – Director - Business Development

Mr. Rupesh Shah - Partner of Chaturvedi & Shah LLP, Chartered Accountants, the Statutory Auditors of the Company

Mr. Dinesh Kumar Deora and Mr. Tribhuwneshwar Kaushik from DM & Associates, Company Secretaries, LLP, Scrutinizer for the voting process.



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As per Secretarial Standard 2 issued by ICSI, if the Chairman of the Board is unable to attend and act as the Chairman of the meeting then the Directors present at the Meeting can elect one of themselves to be the Chairman of the Meeting.

May I now request the Board of Directors to kindly elect the Chairman among themselves for the purpose of this AGM.

Mr. Manmohan Handa –Independent Director

Okay, I propose the name of our Mr. Munjal Sharad Shah, our Managing Director to be chairman of this annual body meeting.

Mr. Suresh Katyal – Independent Director

I support the proposal.

Jajvalya Raghavan - Company Secretary and Compliance Officer

Thank You sir. Noted.

As the board of directors have unanimously elected Mr. Munjal Shah, managing director to act as the chairman for the purpose of the 15th AGM. He shall now take the chair to conduct the further proceedings of the AGM. May I now request our managing director Munjal sir, to welcome and address the shareholders at this 15th AGM of the company and to take the proceedings of this AGM ahead. Over to you sir.

Munjal Sharad Shah – Managing Director

Shareholders, I welcome you all to the 15th annual general meeting of the Paras Defence and Space Technologies Limited. I hope all of you are doing well. Dear shareholders as we gather virtually for the AGM, it gives me immense pleasure to host you today.

The financial performance of the company witnessed the positive trend resulting in overall gains for all its stakeholders, and we expect to improve the same in the coming years. I would like to take this opportunity to brief our esteemed shareholders about the performance highlights during the past year and the future outlook for your company.

As all of you must already be aware, the Indian defence sector is buzzing with opportunities. With initiatives such as Make in India and Atmanirbhar Bharat the Ministry of defence released five positive indigenization lists which restricts the import of components and systems in a phased manner.

This not only unlocks immense opportunities, but also records priority of procurement to us as an indigenously designed, developed, and manufacturing company. Such favourable conditions motivate us to focus on huge domestic opportunities and collaborate with customers to increase our value per offering.

Revenues for financial year 2023-24 saw a growth of 14 % from rupees 222.43 Crores to rupees 253.50 crores. The company saw a growth in its order book to rupees 576 Crores as on 31st March 2024, which now the

way for a better year ahead. As we start deliveries for the submarine periscope, one of our most prestigious products, we become India's, maybe Asia Pacific's only company to manufacture this product. We believe that submarine Periscope product line will bring long term business prospects with enhanced profitability and will have positive impact on our working cycles. We are hopeful of converting some long-term



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business opportunities for our joint venture company Controp Paris. These opportunities will generate significant business for Paras Defence and will help establish a production line of world class optical systems.

In the company for domestic as well as world markets. We believe that space programs will open up opportunities for our optics products in the immediate times. We would like to expand our horizons from optical components to complete optical systems for space applications.

In collaboration with our customers. Our electromagnetic pulse protection solutions division will be looking at offering additional solutions such as semi or full anabolic AMI chambers and antenna test ranges etC. With an intention to give this business line a deserving growth trajectory. We are also experiencing a significant increase in the opportunity funnel for all the divisions of the company, which is an indicator of our successful heritage and our indigenous capabilities.

Looking ahead, we recognize the vast opportunities within the Defence and space segments and we are ready for the growth it brings to the business. Our strategic direction involves catering to the huge domestic opportunities and progressively scaling up the export business.

We intend to evolve as a prominent system and a solution provider in the areas of optics and optronic systems, defence electronics, electromagnetic protection solutions, anti-drone technologies, RF and microwave technologies, thermal solutions for space etc. We also aim to explore synergic technology domains and harness our expertise to develop world class products. With a deep rooted domain understanding, a customer centric approach and agile business strategies. We are well positioned to grow sustainably for the long term. The future is exciting and we seek the continued support of all the stakeholders in our journey of growth. On this note, I would like to take this opportunity to thank all of our team members for their contribution in continued success Of the company. Also, I would like to extend my gratitude to our business partners, associates, vendors, and the central and state government and all other stakeholders of the company for their continual support. I would now request our company secretary Miss Jajvalya to take these proceedings ahead.

Jajvalya Raghavan - Company Secretary and Compliance Officer

Thank you, sir. As per the notice of the meeting, there are totally 11 items to be transacted at this meeting, out of which 2 are ordinary and 9 are special businesses. The businesses to be transacted are:

Item no.	Ordinary Business
1.	To receive, consider and adopt the audited financial statements for the year ended March 31, 2024
2.	To consider the re-appointment of Mr. Munjal Sharad Shah (DIN: 01080863), who retires by rotation
	Special Business
3.	Ratification of Remuneration of Cost Auditors
4.	Approval for Board Authorization to Advance Loans and Provide Guarantees up to Rs. 60 Crores
5.	Approval for Extending Limits for Loans, Guarantees, Securities, and Investments under Section 186
6.	Approval Of Material Related Party Transaction With Controp-Paras Technologies Private Limited ("Associate Company")
7.	Remuneration Of Mr. Amit Navin Mahajan, A Related Party, Holding an Office Or Place Of Profit In The Company



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8.	Remuneration Of Mr. Anish Hemant Mehta, A Related Party, Holding An Office Or Place Of Profit In The Company
9.	Remuneration Of Mr. Harsh Dhirendra Bhansali, Chief Financial Officer And A Related Party, Holding An Office Or Place Of Profit In The Company
10.	To Raise Capital By Way Of Qualified Institution Placement ("QIP") To Eligible Investors Through Issuance Of Equity Shares And/Or Other Eligible Securities
11.	(A) To Approve 'Paras Defence And Space Technologies Limited - Employee Stock Option Plan 2024' ("Paras Defence ESOP 2024") (B) To Extend Approval Of 'Paras Defence And Space Technologies Limited - Employee Stock Option Plan 2024' To The Employees Of Company, Its Subsidiary Companies) And/ Or Associate Companies), Group Companies [Present And Future]

For resolutions, wherein the promoter or promoter group shareholders are interested, the votes cast by them, if any, shall be excluded by the Scrutinizer and votes cast by the non-interested shareholders only shall be considered valid.

Items proposed under Item Nos. 1, 2, 3, 6, 7, 8 and 9 require ordinary resolutions, while Items proposed under Item Nos. 4, 5, 10, and 11(a)(b) require special resolutions.

In the notice of 15th AGM, all shareholders were requested to lodge their queries related to the items proposed to be transacted at this AGM up to 13th September 2024.

The Scrutinizer will submit his report within 48 hours from the conclusion of this AGM and once the report of the scrutinizer is received, the results of the e-voting along with the scrutinizers report will be announced and made available on the company's website www.parasdefence.com and the same will also be intimated to the Stock Exchanges - NSE, BSE & Link Intime.

Now I would like to request our moderator from Link Intime to connect the shareholders who had given their request for being a speaker at the AGM one-by-one.

To accommodate larger participation from the shareholders, I would like to request the speaker shareholder to complete their queries within shortest possible time, so that other speakers will also get a chance to raise their queries.

Over to Linkintime, Please.

Moderator (Linkintime):

Thank you, ma'am. The managing director and chairman of the AGM will address to all the questions raised by the shareholders after taking all the queries.

However, if there are any additional requests seeking more clarification, the same shall be responded in an interactive manner.

Our 1st speaker today is Mr. Prabhu Chada. Mr. Praful, you are in the panel now. You may enable your video, and you can speak.

Speaker No. 1- Praful Chavda

Question - Dear Chairman and Board Members,
My name is Praful Chavda and I am from Hyderabad.



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I would like to understand more about the company's products and future business opportunities, particularly relating to Chandrayaan-related technologies, security systems, safety solutions, and the drone market.

Could the management please explain:

What products or technologies the company is developing or supplying in areas connected to Chandrayaan, aerospace, security, safety, or drones?

What types of security and safety systems are being used or developed by the company, and how do these products benefit the public and the nation?

What is the company's outlook on the growing drone market, and what opportunities does management see in this sector over the next few years?

How will these projects and technologies create long-term value for public shareholders?

Since directors receive sitting fees and other benefits, could the Board also clarify how management ensures that public shareholders receive proportional value and benefits through growth, profitability, dividends, or wealth creation?

Thank you.

Munjal Sharad Shah - Managing Director

Thank you, Mr. Praful. First of all, our company makes optics, camera lenses. And currently, it is India's number one company for any and every optics required for space application. All the space optical missions, earth observation, interplanetary mission or science mission, which ISRO launches, in all these missions, our optics play a smaller to a very large part. In the same way, in Chandrayaan, hyperspectral or optics for lander, all these have been given to us and they have been flown. In addition to this, other missions that have been flown recently, like Aditya, going towards the sun.

Secondly, whenever we hire someone in our company, their background check is done extensively. After that, NDA and NCA are signed with them. So that they cannot take our information and go anywhere. And plus, they cannot go and join immediately, which we have taught them. Meaning, you cannot use any of your personal systems here. You can only use the ones provided by the compulsory company. And very soon, we are hopeful to also offer them a reward in the form of ESOPs, which we have proposed in this AGM. So, in this way, we ensure that our data and our technology is protected at all times. And also, locally and globally and apart from that, there is enough security in the company. If any visitor comes here, we don't let them directly visit the factory. Their entire profile and background are checked. And then it moves through the HR and our security team to decide whether we can permit them to see our factory or not. Mostly, we try to accommodate everyone. But sometimes, if someone is not so interested, then we defer them. So, we try to see how the company is overall protected from any outside interest people also.

And on the security, we are in a proper city where we are protected by the local safe forces. We are in Navi Mumbai, our headquarter and our key manufacturing unit, which is very well protected.

If you want to discuss any other information, we can also call you in person. You can contact us by email, and we can definitely speak to you on a one-to-one basis. And also, if you don't get our annual report from the courier, which we have distributed to everyone for sure, but if you don't get it, we will check and ensure that it is done immediately. Thank you.

Moderator (Linkintime):



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Thank you, sir. Our Second Shareholder Mr. Kaushik Sahukar and 3rd speaker shareholder. Mr. Manjeet Singh is currently not available in the panel. So, we are moving to the next speaker shareholder, Mr. Santosh Kumar Sarath.

Mr. Santosh, you are in the panel now. You may enable your video, and you can speak.

Speaker No. 3 – Santosh Kumara Saraf

First of all, I would like to thank the Chairman, management, employees, and all workers of the company for contributing towards the nation and supporting India's growth and self-reliance.

I would like to ask a few questions:

The company has seven subsidiaries. Kindly share how many are currently in profit and how many are in loss. The company has two plants. Have solar panels been installed at these facilities? What initiatives have been taken towards renewable energy and reducing carbon emissions? What fire safety measures and disaster management systems are implemented at the plants? How is the company adapting to new technologies, and how much investment has been made in technology development and modernization? In view of increasing cyber threats and global economic uncertainty, what steps has the company taken to strengthen cybersecurity and overall operational security? What measures are being taken for water conservation and to prevent water leakage or wastage? What is the company's current ESG rating and score? Kindly elaborate on the company's ESG initiatives and CSR policies. Does the company conduct energy audits regularly, such as twice a year? Kindly share how much income or business contribution comes from exports.

Thank you.

Munjal Sharad Shah - Managing Director

All our subsidiaries are currently in the starting and growth stage and are focused on developing future-ready global products. One of the key products is the Paras anti-drone system, which is designed to be effective as well as budget-friendly for both domestic and global markets.

Our latest subsidiary is focused on quantum technology, which we believe has a very large future potential. Quantum communication, quantum sensing, quantum computing, and quantum storage are expected to become important technologies globally, and we are working ahead of time so that we are already established when the technology matures commercially.

Each subsidiary is working on different business models, and we expect that from next year onwards many of them should become largely independent and capable of funding their own growth requirements. Shareholders who wish to know more can also interact with the CEOs of the subsidiaries and understand their business models and future plans in detail.

On energy and infrastructure protection, the company remains very sensitive towards energy efficiency and cost optimization. Various energy-saving initiatives have already been implemented across operations, and employees are encouraged to suggest improvements in energy utilization. Valuable ideas and successful implementations are also recognized by the company.

The company has also been exporting continuously for nearly the last 10 years. Currently, exports contribute around 5% to 7% of revenue, while in earlier years exports had reached nearly 25%. Going forward, the company aims to increase exports further and is targeting double-digit export revenue contribution in the coming financial years through its expanding product portfolio and global opportunities.



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Shareholders are also welcome to visit the factory and understand the company's work and future plans more closely.

Thank You.

Moderator (Linkintime):

Thank you, sir. Our 5th and last speaker shareholder for the day is Mr. Vinay Bhide. Mr. Vinay, you are in the panel now. You may enable your video, and you can speak.

Speaker No. 3 – Vinay Bhide

Good afternoon to the Chairman and Managing Director Mr. Munjal Shah, Madam Shilpa Mahajan, Mr. Amit Mahajan, other directors, company executives, fellow shareholders, and the moderator team. I am speaking from Mumbai.

At the outset, I would like to understand the company's business and financial performance better. The standalone revenue has increased from around ₹214 crore to ₹232 crore, while net profit is around ₹35 crore. The company also remains debt free, which is encouraging for shareholders. Consolidated revenue has increased to around ₹253 crore, although consolidated profit has seen a marginal decline. I understand that the nature of the defence and engineering business may not always be linear and can remain cyclical.

I have a few questions to better understand the present and future business of the company:

The company operates in optics and optic systems with segments such as Defence & Space Optics and Optronic Systems, along with Defence Engineering, Defence Electronics, EMP Solutions, and Heavy Engineering. Kindly provide a broad idea of the revenue contribution from each of these verticals and sub-verticals during FY24.

The company has reported an order book of around ₹576 crore. Kindly clarify whether the recently mentioned submarine telescopic order is included in this order book or whether it is additional to the stated amount.

Some of the business verticals may currently be in the scale-up stage. Kindly share management's outlook on the growth potential of these segments over the next few years.

Overall, the company appears to have strong processes, technology capabilities, and disciplined communication systems in place, and I appreciate the systematic approach being followed by the management team.

I would also like to appreciate Madam Jajvalya and her team, and everyone involved in organizing and conducting this AGM smoothly.

I support all the resolutions and convey my best wishes to the management, employees, and fellow shareholders for the company's future growth.

Munjal Sharad Shah - Managing Director

Thank you, Vinayji.

The company is currently among the leading optics manufacturing companies in India and has been operating in this capability for more than a decade. The company initially started with nanotechnology



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machining centers for optics manufacturing, later expanded into optics design, optical assemblies, and has now evolved into complete system design, engineering, manufacturing, and supply.

Today, the company supplies optics to almost all major thermal imaging and optical system manufacturers in India. At the same time, the company has strategically entered niche and highly challenging areas where there is no conflict with existing customers.

One such area is submarine periscopes, where deliveries have already started. Another major focus area is space-based optical missions. In partnership with the Ministry of Defence, the company has delivered India's first hyperspectral imaging camera for earth observation applications. The company is also developing drone cameras with high indigenous content and expects to become one of the leading drone camera companies in India in the near future.

With the joint venture of Paras Anti Drone Technologies, the company has now become one of the largest optical system offering companies in the country.

In the previous financial year, around 70% of the business came from Defence Engineering and around 30% from Defence & Space Optics. Going forward, management expects the optics and optical systems vertical to contribute a larger share of revenues and order book, as the company has transitioned from being only a component manufacturer to a complete systems manufacturer, resulting in significantly higher value addition.

The reported order book of ₹576 crore was as on 31st March 2024. Since then, the company has secured additional significant orders, and management expects further growth driven by upcoming defence and space programs.

The company is now also exploring turnkey space programs, including ground-to-space telescopes and space-to-earth applications, and discussions with customers are at advanced stages.

Another emerging vertical for the company is Electromagnetic Pulse (EMP) protection. EMP is expected to become a major requirement for strategic infrastructure globally, and Paras Defence is currently the only Indian-owned company offering turnkey EMP protection solutions. Execution of initial orders has already started, and management expects this vertical to become a meaningful contributor to future growth.

Thank You.

Moderator (Linkintime):

Thank you, sir. With this we are done with the speaker shareholder's part. Over to company secretary to take it further. Thank you.

Jajvalya Raghavan - Company Secretary and Compliance Officer

Thank you to all the shareholders. I would like to inform all the shareholders that the e voting facility will remain available for 15 min after the conclusion of this AGM.

With all the business transactions of this AGM now concluded and all shareholder queries addressed satisfactory, I would like to extend my heartfelt thanks to the board of director and another distinguished officials present here. I also wish to express my gratitude to all the shareholders for their patience and cooperation in making this AGM a success. Thank you all once again. Thank you.